

# Contract Management Manual

*for*

recipients of federal highway safety grant funding

*Prepared by*

Montana Department of Transportation

State Highway Traffic Safety Bureau—Rail, Transit and Planning Division

PO Box 201001, 2701 Prospect Ave

Helena, MT 59601

Online at [www.mdt.mt.gov](http://www.mdt.mt.gov)



January 2007

January 17, 2007

To: All recipients of federal highway safety funds

Subject: State highway safety contracts

Thank you for your interest in improving traffic safety on Montana's highways! We appreciate you taking the time to apply for grant funding through our state's Highway Traffic Safety Bureau and we look forward to working with you.


The next page describes how your project might tie in to the many, many efforts already underway to improve highway safety. We welcome your joining us to help reduce the number and severity of traffic crashes, injuries and fatalities on Montana roads. It's a lofty goal, to be sure, but one that may make a life-or-death difference to many families.

This manual is intended to help you through the application process, and to be successful in administering your contract with the Montana Department of Transportation (MDT). This tool is only as useful as its contents. If you have ideas for refining the process or the instructions, please let us know.

Once awarded, the contract is a binding agreement between you and MDT. Please comply with the contract's terms and provisions, including reporting responsibilities.

Please feel free to contact me or any member of my staff for guidance or assistance.

Sincerely,

A handwritten signature in black ink that reads "Priscilla Sinclair". The script is cursive and fluid, with the first name and last name clearly distinguishable.

Priscilla Sinclair

State Highway Traffic Safety Bureau Chief

## *How does my application fit into the statewide effort to improve safety on Montana's highways?*

---

The Montana Department of Transportation's mission is  
*to serve the public by providing a transportation system and  
services that emphasize quality, **safety**, cost effectiveness,  
economic vitality and sensitivity to the environment.*

In 2006, focusing in on the **safety** component of the department's mission, MDT led the development of the *Statewide Comprehensive Highway Safety Plan*. Recognizing that the mission to improve highway safety crosses national, state, city, county, and tribal jurisdictions, MDT worked collaboratively with the many and varied stakeholders throughout the state in developing this plan.

The fundamental goal of this effort is to reduce the number and severity of traffic crashes, injuries and fatalities on Montana roads.



*On the Web at [www.mdt.mt.gov/pubinvolve/chsp](http://www.mdt.mt.gov/pubinvolve/chsp)*

The *Comprehensive Highway Safety Plan* consists of two main elements: the plan itself, and the annual element which tracks implementation of specific strategies and progress towards the stated goals.

If you have ideas for how to **increase sober driving** and **usage of appropriate safety restraints for all vehicle occupants** as valued norms within our culture, we welcome your application for highway safety grant funds.

Thank you for joining this statewide effort!

# Table of contents

---

## Chapter 1

<i>Introduction .....</i>	<i>2</i>
---------------------------	----------

## Chapter 2

<i>The application process .....</i>	<i>3</i>
--------------------------------------	----------

## Chapter 3

<i>The standard agreement .....</i>	<i>6</i>
-------------------------------------	----------

## Chapter 4

<i>Project costs.....</i>	<i>12</i>
---------------------------	-----------

## Chapter 5

<i>Implementation and control of approved projects .....</i>	<i>20</i>
--	-----------

## Chapter 6

<i>Fiscal requirements .....</i>	<i>25</i>
----------------------------------	-----------

## Chapter 7

<i>Preparation of reimbursement claims .....</i>	<i>31</i>
--	-----------

## Chapter 8

<i>Procurement &amp; contract administration.....</i>	<i>33</i>
---	-----------

## Chapter 9

<i>Project reports .....</i>	<i>39</i>
------------------------------	-----------

<i>Exhibits.....</i>	<i>43</i>
----------------------	-----------

<i>Index .....</i>	<i>44</i>
--------------------	-----------

# Chapter 1

## Introduction

---

### General

Each year, the Montana Department of Transportation (MDT) receives federal funds from the National Highway Traffic Safety Administration (NHTSA) for improving highway safety.

In accordance with NHTSA guidelines, MDT's State Highway Traffic Safety Bureau (SHTSB) passes funding along to entities that can achieve measurable safety impacts. These entities are commonly referred to as "subgrantees" or "contractors". Some contractors or subgrantees subcontract with other entities, who are known as "subrecipients".

The funds available are described in the Catalog of Federal Domestic Assistance (CFDA), number 20.600 through 20.605. View details online at <http://12.46.245.173/cfda/cfda.html> or contact SHTSB at (406) 444-0809.

### Guidance and assistance

The SHTSB staff is available to help at any stage in the preparation of your project proposal, and, if you're awarded funding, to help you successfully administer the contract. Please feel free to contact us via phone, e-mail, or in person.

We strongly encourage new ideas and innovative approaches. As such, we are committed to helping with the initial development of new projects as well as expansion of existing projects. We also encourage you to explore what has worked in other states and consider bringing those strategies to Montana.



[www.adventureonline.com/help/subscriptionhelp.html](http://www.adventureonline.com/help/subscriptionhelp.html)

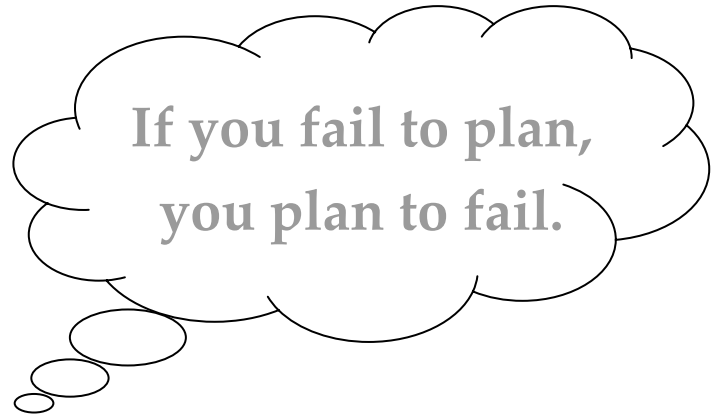
# Chapter 2

## The application process

---

### Sound planning sets the stage

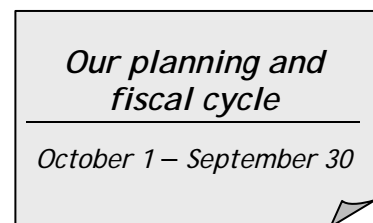
Planning is a critical component of a successful grant application. Take time to think your project through. Talk to others and make sure you're not overlooking important details as you put together a detailed project description for your application.



*Remember: assistance is available from the SHTSB staff!*

### The planning year

Our programs run according to the federal fiscal year (FFY), which begins October 1 and runs through September 30 each FFY.



### Annual meeting

The grant application cycle begins each year with a meeting, usually held in April or May in Helena. The purpose of this gathering is to allow for an exchange of ideas and expertise regarding potential solutions for reducing traffic-related injuries and deaths on Montana's roads. We aim to come away from the meeting with a list of **priorities** for the upcoming fiscal year.

We send invitations to traffic safety advocates from a variety of state, local, tribal, and private entities, as well as other interested parties. If you know of someone who may be interested in participating in this process, please encourage them to contact us.

Reimbursement is available for vehicle mileage, lodging and meals for anyone traveling over 50 miles to attend. Please use the reimbursement form provided in the Appendix.

### Discussion points

At the meeting, the starting point for discussion is the *problem identification document* drafted by our Operations Research Analyst. This document contains an analysis of data from the previous calendar year. A final draft will be ready for your review

prior to the meeting. You may view the current problem ID online at [www.mdt.mt.gov/publications/docs/brochures/safety/probid.pdf](http://www.mdt.mt.gov/publications/docs/brochures/safety/probid.pdf).

Other topics usually include data, impaired driving, safety belts, speeding, planning, federal funding, and goal-setting. We will have prepared some ideas for potential long- and short-term goals, and welcome your feedback on those. We're also very interested in any ideas you may have to present.

After the meeting, the SHTSB develops a highway safety plan based upon information gathered from the annual planning meeting and grant applications you submit to our office.

## The plan

After the meeting, my staff and I compile the concepts and priorities into the federally required *highway safety plan* and submit that to Rail, Transit & Planning Division Administrator and the Governor's Highway Safety Representative for approval. The plan is due to the NTHSA regional office by September 1 of each year.

## Applications

Applications may be submitted throughout the year. However, in preparation for the upcoming fiscal year, the best time to submit applications is June 1 – August 1. Please use the forms provided (see appendix).

*Best time to  
submit  
applications*

*June 1 – August 1*

Applications should address one of the following categories :

- alcohol/drugs
- police traffic services
- occupant protection
- traffic records
- emergency medical services
- motorcyclists
- bicyclists
- pedestrians
- equipment



Please note: no applications are needed for the *selective traffic enforcement program (STEP)* contracts. We use the county ranking in the problem ID document to determine priorities. We will contact those counties that are eligible for the funds; they may accept or reject these funds.

Later chapters of this manual will offer more details to help you develop your application. If you've never put a grant together before, it may be helpful to review

basic grant writing information online at  
[http://12.46.245.173/pls/portal30/CATALOG.GRANT\\_PROPOSAL\\_DYN.show](http://12.46.245.173/pls/portal30/CATALOG.GRANT_PROPOSAL_DYN.show).

## **Decisions**

SHTSB staff will carefully evaluate each grant application within 10 working days. Priority will be given to applications that are compatible with the goals and priorities in the *highway safety plan* for the upcoming federal fiscal year.

We use the following criteria in reviewing each proposal:

- Does the request for funds address the identified highway safety problem and help meet the goals and objectives of the highway safety plan?
- Will the countermeasures proposed assist in solving the problem?
- Are the objectives achievable and measurable?
- Are all activities approved and all costs allowed under the applicable federal rules?

If we need more information in order to properly review your proposal, we will contact you.

Within 10 days of our decision, we will notify you in writing (letter or e-mail) of the status of your application.

## **When does the money arrive?**

Staff will prepare contracts in advance of the new federal fiscal year. As soon as NHTSA funding is disbursed for the new fiscal year, contracts will be sent to you for signatures. Most contracts work on a reimbursement basis: when you send us your reimbursement claim form and invoices, we then make payment. More details about this are available in this document.



# Chapter 3

## The standard agreement

---

### General

Once a decision has been made to fund your project, it's time to formalize the deal with a contract called the "standard agreement."

Depending on the type of grant awarded, the contract will consist of relevant grant-specific documents, such as a scope of work description and required reporting forms. For more detail, please see *Section XIX: Exhibits attached to the standard agreement* (page 11).



SHTSB staff will prepare two complete sets of the standard agreement. To execute the agreement, **both** sets must have **original signatures** on the signature page in ink.

Please note: Do not use whiteout anywhere on the signature page. Draw a single line through any mistakes and enter the correct information. No one may sign "for" individuals whose names appear on the signature page.

### Components of the standard agreement

The *general agreement provisions* sections of the standard agreement summarize the terms of the contract between the contractor and MDT:

#### *Section I: Coordination of Agreement Documents*

This section explains that if there is a discrepancy between the provisions of the agreement and the project proposal, the provisions shall prevail.

#### *Section II: Purpose, Scope and Methods*

This section will reflect information you provide on the *proposed project scope of work* (Exhibit B). For that reason, it's important for you to refine and document the purpose and scope of your project and your implementation methodology in your application.

**Read your contract carefully!**

*Failing to comply with its terms could result in your contract being terminated (see section XVII of contract)*

### ***Section III: Reports***

Reporting requirements vary by contract type. Please see chapter 9 for more information.

- In most cases, a quarterly report is due to our office April, July, and October on or before the 30<sup>th</sup> day of each of these months following the calendar quarter's end.
- A final report is due within 30 days of completing any project.
- The final report must be approved and accepted by MDT unless this requirement is waived in Section XX.
- **Final payment will not be made until the final report has been received and accepted.**

### ***Section IV: Time***

Indicate the beginning and ending dates.

- ✓ The project activities must start within 10 days of the agreement being executed (signed by all parties).
- ✓ The project must be completed no later than September 30<sup>th</sup> of each federal fiscal year.

### ***Section V: Agreement Cost***

Project costs shall be identified in the proposed project description (Exhibit B) and on page 2 of the standard agreement.

### ***Section VI: Payment and Audit***

- ✓ Invoices requesting reimbursement for costs incurred for the project must be submitted on a monthly unless the contract language allows for other billing timeframes.
- ✓ MDT will reimburse you on a monthly, bi-monthly, quarterly or lump sum basis for actual direct costs, provided the total amount does not exceed the contracted agreed upon total.
- ✓ Indirect costs will be reimbursed if an indirect cost plan has been submitted and approved, and MDT has agreed to the percentage rate. Only state agencies and universities may claim indirect costs. Other entities may claim an administrative fee as a budget line item.

For more information, view attachment E of *Circular A-87* at [http://www.whitehouse.gov/omb/circulars/a087/a87\\_2004.html#ea](http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html#ea)

- ✓ Staff salaries must may not exceed the amounts normally paid to staff for regular employment with the contractor. "Extra compensation" salaries (also

called pay exceptions) as a means to retain employees or to compensate them for adding MDT projects to their workload will not be paid without prior written approval by MDT.

- ✓ Costs submitted for reimbursement must be **clearly** and **accurately** supported by the contractor's records.
- ✓ Ten percent of the total project costs or \$2,000, whichever is less, may be withheld from the final claim as surety for completion of the agreement.
- ✓ If during the term of the agreement, federal funds become reduced or eliminated, the department may immediately terminate or reduce the grant award upon written notice to the project director.
- ✓ Unless waived in Section XX, local government contractors subject to the authority of the Montana Single Audit Act will secure an independent audit in compliance with OMB Circular A-133.

*Montana Single Audit Act:* [www.data.opi.mt.gov/bills/mca\\_toc/2\\_7.htm](http://www.data.opi.mt.gov/bills/mca_toc/2_7.htm)

*OMB Circular A-133:* [www.whitehouse.gov/omb/circulars/](http://www.whitehouse.gov/omb/circulars/)

- ✓ All other government and non-profit contractors will obtain an independent audit in compliance with OMB Circular A-133. Audits must be submitted to the Montana Department of Administration with a copy to MDT SHTSB. If a contract extends over more than one year, a separate audit must be obtained for each year.
- ✓ Audit costs are reimbursable on a proportionate basis. The charges may be considered a direct cost or an allocated indirect cost.

### ***Section VII: Source of Funds***

Payment will be made using federal funds and the appropriate portion of state matching funds, unless otherwise indicated under Section XX. The federal funding type will be indicated by a Catalog of Federal Domestic Assistance (CFDA) number on page 1, paragraph 1 of the standard agreement.

### ***Section VIII: Subcontracting and Special Services***

If you wish to subcontract any part of your agreement, you must first submit a written proposal to MDT. If approved, a formal subcontract must be developed. The project director will manage the services of any subcontractors. If the project director delegates tasks under this agreement to another person, the point of contact shall be named on the standard agreement signature page.

### ***Section IX: Proprietary Rights***

If patentable discoveries or inventions result from work of the contractor on the agreed-upon project, all rights accruing from any copyrights, patentable discoveries or inventions shall be the sole property of MDT.

### ***Section X: Inspection of Work***

MDT shall exercise general supervision over the work of the project. With reasonable notice, MDT will be granted access to the premises, all data, notes, records, correspondence, instructions and memoranda pertaining to the work outlined in the contract.

### ***Section XI: Records***

All original invoices and records supporting the services rendered must be retained for a period of three years after the completion date. The contractor will provide access to any records to representatives of the United States Department of Transportation, MDT, State Highway Traffic Safety Bureau, or the Legislative Auditor.

### ***Section XII: Ownership of Data***

MDT shall be the owner of all data, summaries and charts collected under this agreement.

### ***Section XIII: Insurance Requirement***

All contractors, other than state and local government contractors, must file certificates of insurance with MDT's purchasing services bureau within 10 working days of notice of award and it must be valid throughout the entire contract period. Contracts will not be issued to contractors without proof of workers' compensation insurance valid with the state of Montana or proof of exemption thereof. MDT's purchasing bureau: (406) 444-6365 or 444-6033. Fax 444-7613.

### ***Section XIV: Equipment and Instrumentation***

All approved purchases of apparatus, tools and equipment used exclusively for this agreement, shall remain the property of MDT subject to the following provisions (with the exception of law enforcement equipment purchases of \$500 or more per unit cost):

- Prior to reimbursement, MDT must approve all major apparatus and equipment purchases in writing.

- Proper competitive bid practices must be used when buying major items such as equipment and apparatus. Such items would cost more than \$5,000 and have a useful life of more than one year.
- Apparatus and equipment, including computer software costs, shall be listed as direct costs, not indirect costs.
- The title for all purchased equipment shall remain with the contractor until the equipment ceases to be used in the state's highway traffic safety program. When the equipment is no longer being used, the contractor will notify SHTSB in writing.

#### ***Section XV: Travel***

You must have written approval by MDT for out-of-state travel prior to incurring costs if not identified within the scope of work of the contract. If in-state travel was not initially provided for in the contract, this too must be proposed and approved in writing by MDT prior to travel. Reimbursements for travel shall be at state or local rates unless otherwise agreed to in the project proposal.

#### ***Section XVI: Publication***

After acceptance and publication of the final contractual report, the contractor, MDT, and SHTSB are free to publish or use the data and results without restriction with the exception of copyrighting. Papers, interim or final reports or other materials that are part of this project shall not be copyrighted except with prior written approval by MDT and SHTSB.

#### ***Section XVII: Termination of Contract***

We will give you ten working days notice if it's in MDT's best interest to terminate the agreement. Inadequate performance is a reason for contract termination.

If during the term of this agreement, federal funds become reduced or eliminated, the department may immediately terminate or reduce the grant award upon written notice to the project director.

We will reimburse only approved actual expenses incurred to the date of termination.

### ***Section XVIII: Legal Relations***

The contractor shall comply with all federal, state and local laws and ordinances applicable to the work to be done under this agreement. Any litigation over the terms of this agreement will be conducted with the First Judicial District in and for Lewis and Clark County, Montana. For more information about legal relations, please see Section XVIII of the standard agreement.

### ***Section XIX: Exhibits attached to the standard agreement:***

#### ***Basic contracts***

- |           |   |
|-----------|---|
| Exhibit A | Assurances and certifications notice to contractors |
| Exhibit B | Proposed project scope of work                      |
| Exhibit C | Reimbursement claim form                            |

*Other exhibits as necessary*

#### ***STEP contracts***

- |           |   |
|-----------|---|
| Exhibit A | Assurances and certifications notice to contractors |
| Exhibit B | Proposed project scope of work                      |
| Exhibit C | Reimbursement claim form                            |
| Exhibit D | Mobilization report form                            |
| Exhibit E | Sustained enforcement quarterly report form         |
| Exhibit F | STEPError! Bookmark not defined. final report form  |
| Exhibit G | Mobilization plan forms                             |
| Exhibit H | Sustained enforcement plan form                     |

#### ***Equipment contracts***

- |           |  |
|-----------|--|
| Exhibit A | Assurances and certifications notice to contractors  |
| Exhibit B | Proposed project scope of work                       |
| Exhibit C | Reimbursement claim form                             |
| Exhibit D | Equipment reporting form                             |
| Exhibit E | Law Enforcement Equipment purchase final report form |

### ***Section XX: Other provisions, if applicable***

This section will document all other provisions including waived requirements.

# Chapter 4

## Project costs

---

### General

This chapter sets forth basic principles for determining allowable costs.

The application of these principles is based on the fundamental premise that:

- Contractors will administer the project efficiently and effectively using sound management practices.
- Contractors will administer project funds in accordance with the contract, underlying terms and conditions, and project objectives.
- Costs are compatible with the applicable federal requirements from:
  - Highway safety grant funding policy for NHTSA field administered grants ([www.nhtsa.dot.gov/nhtsa/whatsup/tea21/index.html](http://www.nhtsa.dot.gov/nhtsa/whatsup/tea21/index.html))
  - OMB Circular A-87 *Cost Principles for state and local governments*
  - OMB Circular A-21 *Cost principles for educational institutions*
  - OMB Circular A-122 *Cost principles for non-profit organizations*
  - OMB Circular A-133 *Audits of states, local governments, and non-profit organizations*

View online at <a href="http://www.whitehouse.gov/omb/circulars/index.html">www.whitehouse.gov/omb/circulars/index.html</a>
---

### Definitions

---

**Applicable credits** Receipts or reductions of expenditure-type transactions that offset or reduce expense items allocable to grants as direct or indirect costs.

For example: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges.

<b>Cost</b>	The amount of money or value exchanged for property or services as determined on a cash, accrual, or other recognized accounting basis.
<b>Direct allocations</b>	Costs shared among your various projects or funding sources (joint costs such as depreciation, rental costs, operation and maintenance of facilities, telephone expenses) that are prorated individually as direct costs using a base which accurately measures the benefits received by each contracted activity (proportionality). To be reimbursed as a project cost, direct allocations must be identified in the budget and MDT must approve distribution methods.
<b>Direct cost</b>	Those expenses which can be charged directly as a part of the cost of a product or service, or of a government unit or operating unit. These are distinguished from overhead and other indirect costs which must be prorated among several products or services, or governmental units or operating units.
<b>Indirect costs</b>	Those expenditures incurred which by their nature cannot be readily associated with a specific project, e.g. building rental and utilities costs. These expenses can be prorated to the project based on benefit received from the expense.
<b>Supplanting</b>	<p>Those expenditures which replace routine and/or existing expenditures with the use of NHTSA grant funds and/or using NHTSA grant funds for costs of activities that constitute general expenses required to carry out the overall responsibilities of state, local, or federally-recognized Indian tribal governments.</p> <p><b>Supplanting is an unallowable cost.</b></p>
<b>Total project costs</b>	<p>Total project costs consist of the allowable direct costs of the project, plus its allocable portion of allowable indirect costs, less applicable credits and program revenue. Or,</p> $\text{direct costs} + \text{indirect costs} - \text{applicable credits/program revenue} = \text{total project costs}$



## What can I spend grant monies on?

For costs to be eligible for reimbursement, they must be:

- ✓ necessary and reasonable for the project
- ✓ authorized and not prohibited under state or local laws/regulations



- ✓ consistent with contractor's regular procedures and apply uniformly to both project-related activities and non-project-related activities
- ✓ Be net of all applicable credits and adequately documented
- ✓ Be authorized in the contract budget.

The following are **not** eligible for reimbursement:

- ✗ General governmental expenses
- ✗ Prepayments
- ✗ Expenses incurred before or after the project period
- ✗ Unreimbursed costs shifted from another project
- ✗ Costs to replace expenditures previously paid with another funding source (**supplanting**)

### How do I classify costs as direct or indirect?

There is no universal rule for classifying specific cost items as either direct or indirect. Under different accounting systems, a cost may be direct with respect to a specific service or function, but indirect with respect to the grant. It is, however, essential that the accounting system treat each cost item **consistently**, either as a direct cost, direct allocation, or an indirect cost.

### Allowable direct costs

All direct costs are categorized in the standard agreement as personal services and benefits, travel, contracted services, equipment, paid media, supplies and materials, maintenance, or other direct costs. Examples of typical direct costs reimbursable for each category are listed below. For questions about allowable costs for federal programs, please contact the SHTSB grants accountant at (406) 444-3675.

---

<b><i>Personnel costs</i></b>	This category should contain only the direct compensation for salaries and fringe benefits of contractor employees hired expressly for the project and for the time and effort spent on project-related activities.
<b><i>Salaries</i></b>	May include wages, salaries, or special compensations provided the cost for the individual employee is: <ul style="list-style-type: none"> <li>(a) reasonable for the services rendered</li> <li>(b) follows an appointment made in accordance with state or local laws and rules</li> <li>(c) meets federal requirements</li> </ul>

*Note: Reimbursements of individual salaries that result in a salary savings to the contractor are not allowable (this is considered **supplanting**).*

**Fringe Benefits** Employee benefits for authorized absences such as annual leave and sick leave, as well as employer's contributions to social security, health insurance, workers' compensation, and the like provided they are granted under approved plans, and are distributed equitably to the grant and all other activities.

*Note: Costs for authorized absences are only reimbursable up to the amount earned during the term of the project.*

---

**Travel expenses**

This category should contain the direct expenses for project-related travel incurred by personnel identified in the budget. Travel related expenses for out-of-state individuals are allowable only **if MDT provides prior approval** and expenses are for specific services benefiting the project.

Allowable costs include **transportation, meals, and lodging**, incurred in accordance with the contractor's documented travel policies. Lodging costs should not exceed the state rate unless written justification is submitted and approved by MDT. If documented policies do not exist, state travel policies will apply. These may be obtained from your SHTSB program specialist or viewed online at [www.doa.mt.gov/doatravel/travelmain.asp](http://www.doa.mt.gov/doatravel/travelmain.asp).

Note: Out-of-state trips require individual written trip approval from MDT prior to incurring costs and should have been identified in the proposed project description (exhibit B) of the standard agreement. In the event in-state travel is not specifically provided for in the proposal but becomes necessary, the contractor must submit a travel proposal to SHTSB for approval. Reimbursement for both in-state and out-of-state travel shall be at state or local government rates, or as specifically stated in the project proposal.

---

**Contractual services**

Any professional services necessary to complete project objectives that are not provided by the contractor or staff and associated costs. Contractual agreements are required in accordance with the contractor's normal procurement procedures.

---

<i>Contractual services</i>	<p>This category also applies to mini-grants to subrecipients completing project objectives through an award process.</p> <p><b>Note: You must submit all subcontracts to MDT for approval prior to fully executing the contract (NHTSA policy).</b></p>
<i>Equipment</i>	<p>This category should include only those reusable, material property items with a useful life of more than one year, which cost \$5,000 or more per item, and are specifically required to carry out project activities.</p> <p>Examples of typical traffic safety related equipment:</p> <ul style="list-style-type: none"> <li>✓ radar speed detectors</li> <li>✓ in-car videos</li> <li>✓ portable breath testers (PBTs)</li> </ul> <p>The total cost of equipment includes modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for project purposes including tax and shipping, excluding any discounts.</p>
<i>Other direct costs</i>	<ul style="list-style-type: none"> <li>✓ educational materials</li> <li>✓ supplies</li> <li>✓ minor equipment (less than \$5,000)</li> <li>✓ services acquired or consumed for purposes of the project without requiring contractual agreements</li> <li>✓ funds may be used to purchase alcoholic beverages (but in no case for consumption) in “sting” type operations (compliance checks) as long as the operations are not in conflict with any federal, state, or local laws.</li> </ul> <p><b>Note: Project funds may not be used to pay for items or services which would not be allowed using the contractor’s own funds. In addition, any shared costs that are prorated as direct costs to the project must have the allocation method reviewed for reimbursement eligibility in advance by MDT.</b></p>
<i>New training curricula and materials</i>	<p>Costs for development are allowable only if new materials will not duplicate materials already developed for similar purposes.</p>

---

<b><i>Meetings and conferences</i></b>	<p>Allowable only if the primary purpose is the dissemination of technical information:</p> <ul style="list-style-type: none"> <li>✓ transportation</li> <li>✓ rental of meeting facilities</li> <li>✓ other incidental costs</li> </ul> <p>Adequate records must be maintained to document that the primary purpose of the meeting was for dissemination of technical information.</p>
--	---

---

## Indirect costs

Indirect costs are incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved.

---

<b><i>Typical indirect costs</i></b>	<ul style="list-style-type: none"> <li>✓ depreciation and use allowances on equipment</li> <li>✓ costs of operating facilities and equipment</li> <li>✓ general administration costs</li> <li>✓ general expenses</li> </ul>
--------------------------------------	---

---



---

<b><i>Reimbursement</i></b>	<p>We <b>limit indirect cost reimbursement</b> for project agreements and their primary contractual service agreements based on the following policies:</p> <ul style="list-style-type: none"> <li>▪ <i>Permissible limits of federal expenditure guidelines</i> (OMB Circular A-87)</li> <li>▪ <i>NHTSA funding guidelines</i> (Highway Traffic Safety Grant Management Manual)</li> </ul>
-----------------------------	---

---

Allowable indirect costs, as defined in OMB Circular A-87, shall be reimbursed at a predetermined fixed rate based on your indirect cost plan approved by **MDT**, where applicable.

---

## Unallowable costs

The following is a list of selected costs that are ***not*** eligible for reimbursement. For questions or additional information relating to unallowable costs, please contact the SHTSB grants accountant at (406) 444-3675.

*Authority:*  
NHTSA Grant Management Policy  
State Highway Traffic Safety Bureau Policy

---

### ***Facilities and construction***

- ✘ highway construction, maintenance, or design
- ✘ construction or reconstruction of permanent facilities, such as paving, driving ranges, towers, and non-portable skid pads
- ✘ highway safety appurtenances including longitudinal barriers (such as guardrails)
- ✘ regulatory and warning signs and supports, field reference markers, luminaire supports, and utility poles
- ✘ construction, rehabilitation, or remodeling of any building or structure
- ✘ cost of land

---

### ***Office furnishings and fixtures***

- |                          |                      |
|--------------------------|----------------------|
| ✘ coat rack              | ✘ desk               |
| ✘ credenza               | ✘ storage cabinet    |
| ✘ office planner         | ✘ chair              |
| ✘ book                   | ✘ portable partition |
| ✘ fixed lighting         | ✘ table              |
| ✘ filing cabinet         | ✘ picture            |
| ✘ wall clock             | ✘ lamp               |
| ✘ shelving               | ✘ floor covering     |
| ✘ draperies and hardware |                      |

---

### ***Equipment***

- ✘ Traffic signal preemption systems
  - ✘ Fixed and portable truck scales
-

---

*Training*

- ✘ Cost of individual's salary while pursuing training or the salary of the individual's replacement, unless their salary is already supported by the project.
- ✘ training employees of federal and military agencies
- ✘ alcoholic beverages for any consumption purposes including controlled training settings for law enforcement

---

*Program administration*

- ✘ coffee, bottled water, or any other beverages, candy, donuts, snacks, or any other food items unless it is intended solely to facilitate the meeting. Some facilities include these items in the room costs, which is allowable.
  - ✘ any entertainment costs including amusement and social activities and any costs directly associated with such costs (such as tickets to shows or sporting events, meals, lodging, rentals, transportation, and gratuities)
  - ✘ cost of overnight or courier mail service unless approved by MDT program specialist
  - ✘ contributions and donations, including cash, property, and services to others, regardless of the recipient
  - ✘ cost of fundraising, including financial campaigns, solicitation of gifts, and similar expenses incurred to raise capital or obtain contributions
  - ✘ contributions to a contingency reserve (extra funds set aside to cover changes in the economy), excluding self-insurance reserves
  - ✘ fines, penalties, damages, and other settlements resulting from violations or noncompliance
  - ✘ costs of commercial insurance that protects the contractor for correction of defects in materials or workmanship
  - ✘ costs not recovered under one grant agreement are unallowable under other grant agreements
  - ✘ lobbying by state officials who receive NHTSA funds
  - ✘ supplanting
-

# Chapter 5

## Implementation and control of approved projects

---

### General

This chapter describes the implementation process for project agreements. Responsibilities for project control are borne by the contractor, project manager, fiscal or accounting official, and MDT. This chapter also contains information on revising project agreements, withholding, reducing, disallowing, or terminating funds, and closing out or terminating projects.

### Approved standard agreement

If the project has been approved, MDT will notify the contractor and give authorization to proceed. MDT will provide the contractor with a copy of the approved standard agreement and required forms for grant monitoring. The standard agreement will show an effective start date on Page 1 and termination date on page 2.

*Note: Claims for reimbursement may be made only for costs incurred on or after the effective date.*

No reimbursement will be provided for expenditures incurred prior to the effective date or after the project period ending date.

#### ***Watch the calendar!***

*Grant money may only be spent on expenses within the contract timeframe*

### Responsibilities

- Contractor**
- ✓ Submits application and budget proposal
  - ✓ Coordinates related activities with other agencies working on similar projects
  - ✓ Carries out all tasks and activities specified in the contract
  - ✓ Promptly notifies their MDT program specialist by phone, e-mail, or letter of any changes or problems that arise during the project period
  - ✓ Complies with all applicable state requirements
  - ✓ Ensures budgeted costs are in accordance with the contractor's standard policies and procedures
  - ✓ Ensures accounting records are maintained that separate and

accurately record project costs

- ✓ Ensures claims for reimbursement of project costs are limited to those specifically authorized in the project agreement
- ✓ Ensures costs submitted for reimbursement are allowable and verifiable
- ✓ Ensures reimbursement requests are prepared using project accounting records or a process that reconciles claims with the project records no less than once a quarter
- ✓ Participates in periodic operational reviews with their MDT program specialist.
- ✓ Provides requested documents during SHTSB on-site reviews
- ✓ Establishes operating procedures and controls that will ensure adequate administration of the project in accordance with the terms of the agreement with emphasis on:
  - Meeting work schedules
  - Maintaining costs within the approved budgets
  - Maintaining sufficient documentation for validation of project progress and accountability for funds expended (Chapter 4)
  - Submitting required project reports (Chapter 7)
  - Conducting project evaluations



If the project director changes during the term of the contract, please submit a letter on company stationery documenting the transfer of authority. The new project director's signature is needed for our files, and may be submitted in a separate letter, if need be.

---

**MDT**

- ✓ Reviews and evaluates each project
- ✓ Ensures contracts contain all pertinent information and forms
- ✓ Assists the contractor in understanding and complying with the required procedures
- ✓ Ensures maximum benefits are gained from the subgrant
- ✓ Assists in the coordination of meetings with other agencies having similar projects and provides any available and relevant information
- ✓ Reimburses contractor for allowable expenses



## Project revisions

Sometimes, project agreement change(s) are necessary to enhance the operational efficiency of the project. All changes require a contract amendment revision.

Any deviation from the approved budget or project agreement requires **prior** MDT approval. Revision requests may be made by fax, letter, e-mail, memo, or telephone. Requests must be received by MDT at least seven working days prior to the effective date of the change(s). MDT recommends including documentation, if available, to support the revision request.

The following provides examples of appropriate requests for contract amendments:

- extension to the project dates
- a budgeted cost category increase or transfer over 10%
- significant changes to the project goals and objectives that affect the scope of the project
- significant changes to the method of procedure that affects the project end date
- a redistribution of monies between budget categories
- approval for a specific cost item not included in the original budget but for which funding is available within the appropriate budget category
- travel either in-state or out-of-state that is not identified in exhibit B
- overrun of contract amount



*Note: Subgrantees must always discuss changes/revisions to the standard agreement with their MDT program specialist to determine the appropriate method for completing the change.*

### Approval of contract amendment

MDT will consider the following in determining approval of contract amendment requests:

- current and past performance
- availability of funds
- timeliness and quality of claims and quarterly reports
- circumstances and justification for the request

## Consequences for non-compliance

If a project is not being implemented according to the terms of the contract, or if the contractor is violating state or federal laws, MDT's program specialist has the responsibility to recommend cancellation of the project. MDT's Planning Division Administrator and the State Highway Traffic Safety Bureau Chief, in consultation with MDT legal staff, will make a determination as to whether or not the contract will be cancelled. The Governor's Representative for Highway Safety will make the final decision on cancelling any contracts.



**MDT will withhold or disallow grant payments, reduce or terminate grant funds, and/or deny future grant funding to contractors that fail to comply with any term or condition of the standard agreement or program guidelines.**

This may include, but is not limited to, the following:

- Failure to submit acceptable and timely reimbursement claims
- Failure to submit acceptable and timely quarterly and final reports

Should MDT deem it necessary to reduce or terminate grant funds, the project director will first receive a letter citing unacceptable project discrepancies, required corrective action, and penalty for not rectifying the discrepancies by a specified deadline.

If corrective action is not taken by the deadline date, the stated penalty will be imposed. Payment for allowable costs up to the date of termination or reduction of grant funds will be subject to negotiation and availability of federal funds.

## Termination requested by contractor

Agreements may be rescinded upon written request by the contractor when it is unable to implement the project. Upon review and approval by MDT, an agreement may be terminated without prejudice when the contractor finds it is unable to continue with the work for justified reasons beyond its control. In such circumstances, the contractor must notify MDT immediately and the maximum reimbursement of claimed costs to the date of termination is limited to the actual expenditures incurred.

**Project close-out**

Immediately following the project ending date, SHTSB mails a reminder letter to the project director by early October of each federal fiscal year. This serves as a reminder of the project end date report requirements, and final reimbursement claim due date.

**Fund availability**

If, during the term of the contract period, federal funds become reduced or eliminated, MDT may immediately terminate or reduce the grant award upon written notice to the project director.

**Limitation on liability**

The standard agreement entered into with MDT is subject to any applicable restrictions, limitations, or conditions enacted by the United States Government subsequent to the execution of the standard agreement. The contractor shall comply with all federal, state and local laws and ordinances applicable to the work done under this agreement. In the event of litigation over this agreement, the venue shall be in the First Judicial District in and for the County of Lewis and Clark, Montana, and the documents shall be interpreted according to the laws of Montana.

The contractor shall be responsible for the settlement of any and all claims and lawsuits arising from or incident to MDT's non-payment of the contractor's claim. The contractor expressly acknowledges their responsibility includes the payment of all damages, expenses, penalties, fines, costs, charges, and attorney fees, if the claims and lawsuits are based upon MDT's non-payment of claims. The contractor shall defend any suits brought upon all such claims and lawsuits. The contractor assumes all responsibility for ensuring and enforcing safe working conditions and compliance with all safety-related rules and regulations for the benefit of its own employees, subcontractor employees, and the public.

# Chapter 6

## Fiscal requirements

---

### General

This chapter describes the contractor's fiscal responsibilities and requirements related to project accounting and property records. There are specific requirements for project accounting records, equipment management and disposition, record retention, and audits.

In general, it is the contractor's responsibility to ensure that project costs are:

- Recorded in the contractor's accounting system in a separate project account
- Incurred in accordance with contractor's standard procurement policies and procedures
- Supported by detailed source documents that reliably account for funds expended
- Allowable and in accordance with authorized costs defined in the standard agreement

*Note: All project transactions are subject to audit. Failure to comply with the provisions of this chapter or any portion of this Contract Management Manual will result in audit exceptions, possibly subsequent loss of funds, and /or possible repayment of funds.*

### Internal control

Effective control and accountability must be maintained for all MDT grant and sub-grant cash, real and personal property, and other assets. Contractors are responsible for ensuring that all such property is adequately safeguarded, solely for authorized purposes, and included on the fixed asset list.

### Accounting records

Any system of accounting may be used as long as it conforms to generally accepted accounting principles. This usually means a contractor may use his/her existing accounting system as long as:

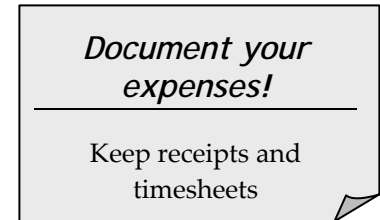
- Records contain pertinent project information, including total project amount authorized, obligations, outlays or expenditures, unobligated balances, and income
- Project revenues and expenditures, including labor, are recorded in special project accounts

- Project expenditures can be clearly identified with authorized budgeted costs

*Note: Separate project records should include an itemized list of expenditures for each billing period to facilitate audits of project expenditures and preparation of reimbursement claims.*

### **Adequate source documentation**

As mentioned in Chapter 2, costs must be adequately documented in order to be eligible for reimbursement. Here is a list of items you should maintain for each cost category.



#### ***Personal services & benefits***

- Timesheets (or personnel activity reports) are required for **all** professional and nonprofessional staff billed to MDT contracts.

Source: OMB Circular A-122  
[www.whitehouse.gov/omb/circulars/a122/a122\\_2004.html](http://www.whitehouse.gov/omb/circulars/a122/a122_2004.html)

- For each employee, these reports must be prepared at least monthly and coincide with one or more pay periods.
- At a minimum they must contain:
  - ✓ actual number of hours worked on SHTSB and other projects
  - ✓ All activities they were compensated for, whether contract-related or not
  - ✓ Signatures of both the employee and a supervisor with first-hand knowledge of the employee's activities
- Payrolls must be signed by an authorized official of the contractor.

#### ***Contractual services***

- Services provided to the grantee by an individual, organization, firm, or contractor must be supported by a properly executed contractual or intercontractor agreement.
- Payments on contractual agreements must be supported by itemized invoices and made in accordance with the terms of the agreement.
- Agencies must also maintain records sufficient to detail the history of the procurement.

*Note: See Chapter 6 for detailed information regarding MDT requirements for procurement and administration of reimbursable contractual services.*

---

*Equipment*

- The total cost of equipment includes modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for project purposes including tax, shipping, excluding any discounts.
- Equipment purchases must be supported by purchase orders or other original documents authorizing procurement, signed by appropriate subgrantee with signature authority.
- Itemized invoices must be submitted with reimbursement requests.

**Note: The contractor must report equipment purchases to MDT within 30 days after purchase using the *Equipment Reporting Form*. MDT uses this form to maintain accountability of equipment acquired for its projects. This form should not replace the contractor's regular property control records.**

---

*Other direct costs*

- The purchase of any other project supplies, materials, or minor equipment (less than \$5,000) or the procurement of services not requiring contractual agreements must be supported by documents authorizing procurement, signed by the appropriate authorities. In addition, itemized invoices as well as properly signed and dated itemized delivery and/or packing slips must be on file.
- Rental or lease costs must be supported by appropriate detailed agreements.

---

*Indirect costs*

- If indirect costs are anticipated, submit a current cost allocation plan or an indirect cost rate proposal **to MDT for approval prior to contract execution.**
  - Source documentation must be available to support the indirect costs rate authorized by MDT for reimbursement.
-

## Equipment management requirements

According to state and federal requirements, contractors are accountable to SHTSB for equipment (or portions of equipment) purchased with MDT funds as long as the equipment's purchase price was \$5,000 or more. In order to track NHTSA investment in equipment, however, MDT maintains an informal tracking system for equipment under \$5,000.


Contractor procedures for managing project equipment (including replacement equipment) acquired in whole or in part using MDT funds, until disposition takes place, must at a minimum include:

- Adequate controls for safeguarding against loss, damage, or theft of equipment
- Provisions for replacing equipment lost due to circumstances other than normal wear
- Maintenance procedures that will keep equipment in good working condition
- Properly maintained property records with the following information:
  - Description with serial or other unique identification number
  - Acquisition date and total cost
  - Location
  - Percentage of federal participation in cost
  - Ultimate disposition data including date of disposal and sale price

*Note: Physical inventory and reconciliation to property records must be performed every two years.*

## MDT records and reporting requirements

Property records for project equipment, which are subject to audit by MDT, shall also be made available in the project file and retained for three years after final disposition of the property or for three years after final project payment is made, whichever is later.

 The *Equipment Reporting Form* must be sent to MDT every two years starting from the date of acquisition until the equipment is retired or disposed of. Tracking is done by June 30 in odd-numbered years. The report must include equipment identification information (e.g. serial number), and current location.

### ***Keep in touch***

Send in an *Equipment Reporting Form* every two years as long as the equipment is in use.

The contractor must contact MDT:

- Immediately after discovery of any project equipment loss
- To obtain approval before transferring or conveying project equipment

## Equipment disposition

At the end of a project that includes an equipment purchase, the contractor must submit an updated *Inventory Report* with their final claim that indicates final disposition using the following criteria:

- Items with a current per-unit cost of more than \$5,000 will be retained as long as they will be used for, and there is a continued need to accomplish the purpose of the original project, or the items can be used in connection with any other MDT-sponsored activities.
- If the items with a current per-unit cost over \$5,000 can no longer be used in connection with any MDT or other federally sponsored activities, please contact MDT to discuss options. For example, MDT may require that the property be returned to MDT for program use by other MDT-funded agencies.

## Copyrights/trademarks

MDT reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for federal or state government purposes the copyright/trademark in any work developed under a grant, sub-grant, or contract under a grant or sub-grant.

## Program income – records/reporting

The program activities supported by MDT funding may not generate program income.

### Records retention



The contractor must retain all project source documents and records and make them available for federal and state audit for a period of three years following the date of the final reimbursement of project expenditures. Records shall be retained beyond this date if audit findings have not been resolved.

*How long must I keep project records?*

Three years after the project ends

## Single audit requirements

MDT has the responsibility of ensuring that contractors have complied with the



requirements of the *Single Audit Act* in accordance with the Office of Management and Budget (OMB) Circular A-133.

***Do I need an audit?***

If your contract is worth \$500,000 or more, you must have an audit.

The Montana Department of Administration's Local Government Services Bureau notifies MDT of those cities, counties, and special districts that have not submitted an audit report or have not indicated to SHTSB that they are exempt each fiscal year.

SHTSB will notify contractors that have not provided an audit and request verification of compliance.

**MDT reviews**

SHTSB staff will conduct periodic reviews of contractor, subrecipient, and subcontractor records for projects funded by MDT. Reviews may be conducted as both on-site and desk reviews to ensure compliance with the provisions of this manual and any other applicable rules. Failure to comply with any of these provisions may result in audit exceptions and subsequent loss of funds. NHTSA and other MDT staff may occasionally accompany SHTSB staff during reviews.

# Chapter 7

## *Preparation of reimbursement claims*

---

### **General**

SHTSB programs operate on a reimbursement basis. This chapter provides the guidelines for the preparation and submission of claims for project reimbursement.

Contractors are asked to use the *Montana Highway Traffic Safety Project Reimbursement Claim Form* (exhibit C), which is attached to each contract or available online at [www.mdt.mt.gov/business/grants.shtml](http://www.mdt.mt.gov/business/grants.shtml).

- ✓ Claims should be prepared using the contractor's accounting records and based only on recorded costs for the period covered.
- ✓ To ensure proper accounting for reimbursements, invoices submitted to MDT should be recorded as a receivable in your accounting system.

#### ***Does the right form make a difference?***

Yes!!! Please submit claims using exhibit C to prevent any delay in reimbursing you.

### **Submission guidelines**

- ✓ Submit reimbursement request with an original authorized signature as listed on the signature page of the standard agreement.
- ✓ All required support documents must be attached to the reimbursement request.
- ✓ Written delegation for any other official must be on file with MDT, including the signature of the authorized individual. No one, unless previously approved, may sign "for" the designated official listed.

### **Timeframes**

- ✓ The timeframe reimbursement claims are due will be documented in Section VI of your standard agreement.
- ✓ Final claims are due to MDT no later than 45 days following the project end date, but may not be paid until MDT has received the project's final report and all supporting documentation.
- ✓ We aim to process reimbursement claims within 30 days.

## **Reimbursement claim preparation**

Reimbursement claims should be prepared using the detailed instructions provided in exhibit C. To ensure your claims are not returned and reimbursements are timely, abide by the following criteria:

- Costs claimed match the line items authorized in the budget for each category
- Costs are actual, not rounded off
- Do not use “white-out” or corrective tape
- Attach copies of legible invoices for contractual service and equipment costs
- Attach a signed and completed MDT *Equipment Reporting Form* for all equipment purchases (must reconcile to invoices submitted)
- Be sure claims are correctly computed and reconciled
- Ensure original, authorized signature is on the claim
- Do not include indirect costs unless you have submitted an *Indirect Cost Plan* and have received approval of the rate to be charged
- Do not bill for out-of-state travel unless it has been approved by SHTSB before the travel begins or is authorized within the scope of work of the contract. In the event in-state travel is not specifically provided for in the proposal but becomes necessary, said travel shall also have prior approval by the state. Reimbursement for both in-state and out-of-state travel shall be at state or local government rates, or as specifically stated in the project proposal.

Note: Claims not meeting these criteria may be returned and delay reimbursement.

# Chapter 8

## Procurement & contract administration

---

### General

This chapter highlights the more significant procurement standards that must be adhered to when purchasing goods or services for MDT projects.

There are specific requirements for sole source procurements, procurement records, contractual services, contract management, and contracting with non-profit organizations. In general, agencies may follow the same policies and procedures it uses for procurements from its nonfederal funds, provided that those conform to applicable federal laws and standards.

### Federal laws and standards

The following federal laws and standards must be adhered to when procuring goods or services for MDT projects. Please contact SHTSB staff if you have any questions as to which apply to your organization.

- Title 41 CFR, Part 105-71, *Uniform Administrative Requirements for Grants and Cooperative Agreements* (available online at [www.access.gpo.gov/](http://www.access.gpo.gov/))
- Three sections within Title 49 CFR
  - Part 18, *Uniform Administrative Requirements for Grants and Cooperative Agreements* (also known as “The Common Rule”)
  - Part 19, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-profit Organizations*
  - Part 26, *Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs*
- Four circulars from the Office of Management and Budget (OMB), available online at [www.whitehouse.gov/omb](http://www.whitehouse.gov/omb)):
  - OMB Circular A-21, *Cost Principles for Educational Institutions*
  - OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*
  - OMB Circular A-122, *Cost Principles for Non-profit Organizations*
  - OMB Circular A-133, *Audits of states, Local Governments, and Non-Profit Organizations*

## State laws and standards

In addition to federal laws and guidelines, all state agencies must comply with contract and procurement policies and procedures as set forth in the *Montana Administrative Rules*, the *Montana Codes Annotated* (MCA), and state contracting manuals.

*All other entities must have copies of established procurement procedures available for audit purposes upon request by MDT.*

### ***What's your procurement policy?***

Maintain copies of your procurement policies and procedures on file.

## Definitions

---

### ***Contractor***

- A private or government entity, either state or local, to which an MDT sub-grant is awarded and which is accountable for the use of the funds provided.
- The contractor is the entire legal entity even if only a particular component of the contractor is designated to handle the project. (Also referred to as the subgrantee).

---

### ***Community Based Organization (CBO)***

- Local, regional, and/or non-governmental entities, which are organized to work together on a community-based issue, need or problem and are often non-profit corporations (as described in 26 USC 501.C.3).
- CBOs are not “top down” agencies, but evolve over time from mutual interest or need at the community level.
- May also be known as public interest groups, community service groups, injury prevention advocacy groups, and grassroots groups.

***Note: To receive MDT funding through a contractor, a CBO must be a legal entity registered with Montana's Secretary of State.***

---

## Procurement standards



When procuring goods or services with sub-grant funds, contractors must ensure costs are both competitive and reasonable.

---

### ***Full and open competition***

All procurement and contractual transactions will be conducted in a manner providing full and open competition consistent with the standards of 49 CFR Section 18.36. Sole source procurement or contracting is discouraged because it is inconsistent with a policy of “full and open competition”.

---

### ***Reasonable***

A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

The following must also be taken into consideration in determining the reasonableness of a given cost:

- Is the cost of a type generally recognized as ordinary and necessary for the performance of the governmental contractor?
- Does the cost exceed the market price for comparable goods or services?
- Were the requirements imposed by such factors as sound business practices and arms length bargaining used?
- Did the individuals concerned act with prudence in the circumstances considering their responsibilities regarding the use of public funds?
- Were there significant deviations from the established practices of the contractor, which may unjustifiably increase MDT’s cost?

---

## Procurement records

Contractors must maintain records sufficient to detail the significant history of procurement. These records will include, but are not limited to the following:

- A rationale for the method of procurement and selection of contract type
- Written selection procedures and documented reasons for rejections
- The basis for the contract price

***Note: Upon request from MDT, procurement documentation must be made available for audit purposes.***

## Sole source procurements

§ 18-4-306, MCA allows a contract be awarded for a supply or service item without competition under certain circumstances. This is known as “sole source”. The required item must be available only from a single supplier. Circumstances that could necessitate sole source procurement are:

- The compatibility of current services or equipment or replacement parts
- No existent equivalent product
- One source is acceptable or suitable for the supply or service item

Procurement records supporting a sole source approval must be consistent with contractor’s procedures but at a minimum must contain the following:

- Justification why the purchase/service cannot logically and reasonably be made through a competitive bidding process including consequences if not approved
- A list of the vendor’s/contractor’s unique qualifications, experience, etc.
- A cost analysis, i.e., verifying the proposed cost data, the projections of data, and the evaluation of the specific elements of cost is necessary, unless reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation



*Note: Sole source approvals should be in accordance with the contractor’s procurement and contracting directives for non-competitive procurement and contracting.*

## Contractual services

All proposed contracts for consultant or contractual services must be reviewed and approved by MDT prior to contract execution. The contractor must identify any sole sourced contracts when the draft is submitted to MDT. **Costs incurred under contracts not approved in advance by MDT may not be reimbursed.**

A pre-award review will be performed on proposed contracts over \$50,000 and other contracts as MDT deems necessary. The review will include:

- A determination of the propriety of amounts set forth in the cost proposal
- A determination of the adequacy of the contractor’s accounting system to segregate and accumulate reasonable allocable and allowable costs for charges to the proposed contract
- A determination that the agreement complies with all state and federal cost criteria

## Community based organizations and non-profit corporations/organizations

Contractual agreements with non-profit and community-based organizations or corporations must be on a cost reimbursement basis and include detailed budgets with budget narratives descriptive enough to limit misinterpretation of allowable cost items.



*Note: Contractors are also responsible for conducting pre-award internal control and financial responsibility assessments on CBOs receiving more than \$25,000.*

## Contract provisions

Because agencies generally have their own standard contract format and language, MDT does not dictate a standard format. Within the context of the contractor format, each contract must contain:

- Contract number
- Taxpayer identification number
- Identification of the parties
- Purpose of the contract, expressed in a short paragraph
- Term for the performance or completion of the contract (specific dates/ length of time)
- Cost
  - ✓ The contract must clearly express the maximum amount to be paid and the basis on which payment is to be made.
  - ✓ Enough information must be present to be able to associate specific costs with services, tasks, or other deliverables in order to assess reasonableness of costs.
  - ✓ Cost reimbursement contracts must include budgets and budget narratives that clearly define authorized costs and how they relate to the services provided.
- Scope (the work, service, or product to be performed, rendered, or provided)
  - ✓ Clear and concise language must be used to describe the scope.
  - ✓ The scope of work, or statement of work, should be specific and not be expressed in broad terms.
  - ✓ Work to be performed should be broken down into specific tasks and each task should have a corresponding completion date.



- Subcontracting provisions.
  - ✓ Any subcontracts are subject to reviews by the state Highway Traffic Safety Bureau.
  - ✓ The same general terms, conditions, and certifications (exhibit A) that apply to contractors also apply to subcontractors.
- Reporting requirements.
  - ✓ Specify reporting requirements including content, due dates, format, distribution, etc.
- Other general or unique terms and conditions of the agreement.
  - ✓ Include the provisions listed in exhibit A.
  - ✓ These provisions shall be referenced in the body of the contract and by reference made a part of it.

*Authority: 49 CFR 18.36(i) and  
NHTSA prescribed certifications and assurances*

- Signature, printed name, and title of a person representing each party that is authorized to legally bind that party.
- Date the contract is signed.

### **Contract management responsibility**

The contractor is responsible for the management of all subcontracts issued using MDT funds and must ensure the following:

- Subcontractor's compliance with contract provisions
- Subcontractor's services are performed according to the quality, quantity, objectives, timeframes, and manner specified in the contract
- All work is completed and accepted by the contractor before the subcontract expires
- Assess and request amendments, renewals, or new subcontracts as required allowing sufficient time to process, obtain MDT approval, and execute such changes before the subcontract expires or funds are depleted in order to prevent a lapse in service
- Review and approve invoices for payment
- Ensure payments are made in accordance with contract terms and work has been performed
- Monitor subcontract expenditures to ensure there are sufficient funds to pay for all services rendered as required by the subcontract
- Verify all requirements of the contract are fulfilled before approving the final reimbursement claim form

# Chapter 9

## Project reports

---

### General

This chapter contains information about the project reports that must be submitted to MDT's State Highway Traffic Safety Bureau in support of the contract. Please see section VI in your standard agreement for details about which reports are required for your contract.

### How is reporting information used?

- ✓ Quarterly reports are the main source of information used to determine project success and commitment.
- ✓ The information and data provided in all quarterly reports is incorporated in MDT's annual performance report to NHTSA.

*All STHSB forms are  
online at*

[www.mdt.mt.gov/business/  
grants.shtml](http://www.mdt.mt.gov/business/grants.shtml)

### Reporting and claims timetable

The following is a quick reference timetable indicating the due dates for all reports and claim reimbursements:

Quarter	Due date	Quarterly report	Reimbursement claim form	Final reimbursement claim form	Final report
Oct 1 – Dec 31	January 30	✓	✓		
Jan 1 – Mar 31	April 30	✓	✓		
Apr 1 – June 30	July 30	✓	✓		
July 1 – Sept 30	October 30	✓	✓		
30 days after project end date				✓	✓

### Submission guidelines

- Reports must be submitting in writing and signed/dated by the preparer.
- Equipment contracts less than \$5,000 do not require quarterly reports, however, a *final report* and *equipment reporting form* are required by the end of the contract period.

<b><i>Quarterly reports</i></b>	<p>A thorough report on project activities conducted during each quarter. Must contain the following:</p> <ul style="list-style-type: none"> <li>• Description of activities conducted to achieve goals and objectives</li> <li>• Relationship of these activities to the project phase or time schedule (are activities on schedule?)</li> <li>• Current and project-to-date report on progress for each goal and objective</li> <li>• Comprehensive explanation of any challenges, difficulties, or delays</li> <li>• Anticipated effect of any delays on total project cost and time schedule</li> <li>• Detailed plan of action to correct any deficiencies in meeting goals and objectives</li> <li>• Any additional information requested by your assigned program specialist</li> </ul> <p><b><i>Note: reports are required even if no activities have occurred on the project.</i></b></p>
---------------------------------	--

---

***Final report*** One copy of a final report of project accomplishments must be submitted to MDT **within 30 days** after completion of the project.

The final report is used to:

- Determine project impact in reducing or solving identified traffic safety problem
- Determine project contribution to applicant's/Montana's Highway Traffic Safety Program
- Evaluate benefits derived in relation to costs incurred
- Assist other agencies with similar program deficiencies

The final report should be creative and resourceful. At a minimum, the final report must include the following factors:

---

<b><i>Personnel</i></b>	Identify the key personnel who worked on the project. Provide their job titles and give a brief description of their contribution.
-------------------------	--

---

<b><i>Goals and objectives</i></b>	Restate the objectives of the project as identified in the project agreement. This will allow analysis of the report as a self-contained document and will aid the contractor in defining its deficiencies.
<b><i>Methodology</i></b>	<p>Describe in detail how the project was implemented. Explain how each task identified in the project agreement was accomplished.</p> <p>This information will be helpful to other agencies that may desire assistance in the same program area. MDT can use the methodology description to develop cost ratios for work performed and to develop an outline for implementing similar projects with maximum benefits.</p>
<b><i>Problems</i></b>	Describe any operational or cost problems that were encountered in project implementation. If known, state alternate methods that would have avoided the problem and increased the effectiveness of the project. This information will assist other agencies in avoiding the same problems.
<b><i>Results</i></b>	<ul style="list-style-type: none"> <li>✓ Describe in detail the results of the project in terms of meeting each original goal and objective.</li> <li>✓ Describe the results in terms of how they will be specifically applied for future improvement of the contractor's continuing traffic safety program.</li> <li>✓ Where possible, describe estimated savings resulting from implementing project results.</li> <li>✓ Describe how equipment purchased under the grant was utilized in accomplishing the objectives.</li> </ul>
<b><i>Implementation schedule</i></b>	Outline the actual schedule for implementation of the project results, recommendations or countermeasures. Include the amounts budgeted for immediate implementation or the estimated fiscal requirements for future plans.

---

**Documentation** Attach any documents developed as part of the contract implementation.

Examples: new or revised forms, diagrams, management reports, photos, coding manuals, instructional manuals, etc.

**Note: All photos and printed materials developed and produced through this grant must be approved by MDT prior to distribution.**

---

A final quarterly report is required for any portion of activity occurring during the final quarter of project operations and may also cover less than a full quarter. Your program specialist may waive the requirement for this last report, unless it falls within the July-September reporting period.

**Note: Failure to submit the final report within 30 days after the project end date may result in a loss of grant funds.**

---

- Due dates**
- ✓ Within 30 days after the end of each calendar quarter or partial quarter that the grant is active (i.e., no later than January 30, April 30, July 30, and October 30)
  - ✓ Exceptions to this reporting requirement are noted in section III or XX of the standard agreement
  - ✓ Include contractor name, project name, and contract number
  - ✓ Indicate which quarter is being reported
  - ✓ For projects that don't begin October 1, the first report may not cover a full quarter of activity. The initial quarterly report for a new project is required on the first due date shown above following the effective start date of the project.
  - ✓ The last quarterly report may be incorporated into the final report as long as it is submitted by October 30<sup>th</sup>. (See page 1 of the standard agreement, Section III, "Reports".) Please read the requirements for final reports carefully to ensure the combined report contains all the necessary information.



**Note: Failure to submit quarterly reports on time may result in the withholding or disallowance of grant payments, the reduction or termination of grant funds, and/or the denial of future grant funding (see Chapter 3).**

## *Exhibits*

---

- Exhibit 1     NHTSA grant funding policy (includes allowable/unallowable costs)
- Exhibit 2     NHTSA lobbying restrictions
- Exhibit 3     Guidelines for reimbursement
- Exhibit 4     Travel reimbursement request form
- Exhibit 5     Contractual Process Flow Chart

# Index

**Accounting**..... 1, 14, 20, 25  
adequate system ..... 36  
contractual services..... 26  
equipment ..... 16, 27  
federal requirements (*see also*  
OMB circulars)..... 7, 8, 12, 17,  
26, 30, 33  
project information ..... 25  
record reimbursement as a  
receivable..... 31  
records..... 20, 25  
source documentation..... 26  
supplies and materials ..... 27

**Allowable costs**  
fringe benefits ..... 15  
training, limitations on..... 19

**Application ... 1, 3, 4, 5, 6, 12, 20**  
budget proposal ..... 20  
categories to address ..... 4  
submission timeframe..... 4

**Audit**..... 7  
all project transactions subject to  
..... 25  
allowable cost ..... 8  
equipment ..... 28  
independent ..... 8  
Montana Single Audit Act.. 8, 30  
procurement procedures..... 34  
records..... 29  
requirements ..... 29

**Budget**..... 7, 13, 14, 15, 22, 37  
Budget narrative..... 37  
changes to..... 22

**Code of federal regulation  
(CFR)**  
Title 41..... 33  
Title 49..... 33  
Title 49 Part 18 ..... 33

**Consultant**  
hiring ..... 15, 26, 36

**Contract**.. 6, 7, 8, 9, 10, 12, 14, 15,  
20, 24, 25, 27, 29, 34, 35, 37,  
38, 39  
assistance in administration of. 2  
consequences for non-  
compliance ..... 23  
contract number ..... 37  
end date ..... 20  
inadequate performance ..... 10  
no-fault termination of ..... 24  
purpose statement..... 37  
reasons for amendments ..... 22  
reduction of funds..... 23  
revisions..... 22  
revisions, funding  
considerations..... 22  
revisions, past performance  
considered ..... 22

revisions, prior approval  
needed ..... 22  
scope of work ..... 6, 10, 11, 32, 37  
subcontract..... 2, 8, 36, 38  
taxpayer identification number  
..... 37  
term ..... 37  
termination of ..... 8, 10, 42

**Contractual services**  
*see consultant*..... 36

**Copyright**..... 10, 29

**Costs** . 1, 5, 7, 8, 10, 20, 37, 40, 43  
actual, do not round off..... 32  
allowable ..... 14, 15  
authorized ..... 25  
classify consistently ..... 14  
control of ..... 20  
direct costs ..... 7, 10, 16  
how to classify as direct or  
indirect..... 14  
indirect costs..... 7, 10, 17  
shared ..... 13  
support with documentation.... 8

**Costs, allowable** .. 12, 13, 14, 15,  
16, 17, 21, 25, 43  
alcohol for compliance checks 16  
alcohol, limitations on..... 19  
audit ..... 8  
consultants ..... 16  
contracted services ..... 16  
educational materials..... 16  
employee benefits ..... 14  
equipment (some)..... 16, 27  
fringe benefits..... 15  
lease costs..... 27  
lodging..... 15  
meals ..... 15  
media ..... 14  
meetings and conferences 17, 19  
necessary and reasonable ..... 13  
project-related travel ..... 15  
rentals ..... 27  
salaries ..... 14  
some equipment..... 16  
supplies ..... 14, 16

**Costs, direct**..... 13, 14, 16, 27  
prorated..... 16

**Costs, indirect** ..... 13, 17, 27

**Costs, personnel** ..... 14

**Costs, unallowable**..... 14, 18, 43  
commercial insurance..... 19  
contingency reserves ..... 19  
entertainment ..... 19  
equipment (some)..... 18  
facilities and construction ..... 18  
fines ..... 19, 24  
fundraising..... 19  
general government expenses 14

lobbying ..... 19, 43  
office furnishings/fixtures ..... 18  
outside contract timeframe..... 14  
prepayments ..... 14  
supplanting ..... 13, 14, 19

**Data**..... 3, 9, 10

**Definitions**  
applicable credits..... 12, 13, 14  
CBO ..... 34  
contractor ..... 34  
cost ..... 13  
direct allocations..... 13  
direct costs ..... 13  
full and open competition..... 35  
indirect cost ..... 13  
reasonable ..... 35  
supplanting ..... 13  
total project costs ..... 13

**Equipment** .... 4, 9, 10, 11, 14, 16,  
17, 18, 27  
approval to transfer ..... 29  
competitive bids required ..... 10  
disposition of ..... 28, 29  
maintenance of..... 28  
management of ..... 28  
notify MDT within 30 days of  
purchase..... 27  
prior approval required ..... 9  
replacement ..... 28  
report any loss ..... 29  
reporting form ..... 11  
reporting requirements ..... 28  
safeguards against loss..... 28

**Equipment reporting form**  
required every two years ..... 28

**Exhibit 1**  
NHTSA grant funding policy. 43

**Exhibit 2**  
NHTSA lobbying restrictions. 43

**Exhibit 3**  
Guidelines for reimbursement 43

**Exhibit 4**  
travel reimbursement request  
form ..... 43

**Exhibit 5**  
Contractual Process Flow Chart  
..... 43

**Federal fiscal year**..... 3, 5, 7

**Funding** .. 2, 4, 5, 8, 12, 17, 20, 29  
loss of..... 25  
multiple sources ..... 13  
repayment of funds..... 25  
withholding of ..... 8

**Highway safety plan**..... 4, 5

**Innovation**..... 2

**Insurance**..... 9, 12, 19

**Laws, federal**

audit requirements		indirect cost reimbursement		contractor.....20, 25
local governments..... 12, 33		limitation.....17		equipment management and
non-profit organizations.. 12,		proper administration of .....20		disposition.....25
33		reduction of funds .....24		MDT.....21
states..... 12, 33		reimbursement.....20		project director.....20
DBE participation..... 33		sound management practices .12		property records.....25
for educational institutions.... 12,		start date.....7		records retention .....25
33		termination ..... 8, 10		<b>Royalty ..... 29</b>
for hospitals..... 33		unable to implement .....23		<b>Salaries ..... 7, 14</b>
for non-profit organizations.. 12,		<b>Project director.....8, 20</b>		<b>Scope of work..... 6, 10, 11, 37</b>
33		notify MDT of change to.....20		<b>Signature..... 6, 8, 20, 31, 38</b>
for state, local and tribal		<b>Project monitoring .....9, 30</b>		equipment purchases.....27
governments ..... 33		<b>Records</b>		required for reimbursement...26
<b>Laws, state ..... 34</b>		3-year retention required.....29		<b>STEP (Selective Traffic</b>
<b>lobbying ..... 19, 43</b>		audit .....29		<b>Enforcement Program). 4, 11</b>
<b>Managing subcontracts..... 38</b>		retain for 3 years ..... 9, 28		<b>Subcontract ..... 8, 15, 26, 36, 38</b>
<b>OMB circulars ... 7, 8, 12, 17, 26,</b>		<b>Reimbursement</b>		contract management
30, 33		guidelines for.....32		responsibility .....38
<i>see also</i> laws, federal ..... 7		indirect cost plan.....32		format .....37
web address – view online ..... 12		invoices required .. 5, 7, 9, 26, 27,		general requirements .....37, 38
<b>Planning ..... 3, 4, 5</b>		31, 32, 38		monitoring expenditures .....38
<b>Problem identification</b>		limited time-frames ..... 20, 31		report due dates.....38
<b>document ..... 3</b>		original signature required 6, 31,		reporting requirements .....38
<b>Procurement</b>		32		scope of work .....37
audit of..... 35		preparation ..... 1, 31		signature .....38
CBOs..... 37		submit form for equipment		<b>Subgrantee..... 2</b>
consultant services ..... 36		purchases .....32		<b>Subrecipient ..... 2</b>
contractual services..... 36		travel .....32		<b>Supplanting..... 13, 14, 19</b>
federal laws and standards..... 33		<b>Reports</b>		definition .....13
full and open competition ..... 35		4 <sup>th</sup> quarter/final combination		strictly prohibited.....13
general..... 33		option.....42		<b>Timesheets..... 26</b>
non-competitive ..... 33, 35, 36		consequences for failure to		<b>Trademark..... 29</b>
non-profit organizations ... 33, 37		report ..... 23, 42		<b>Training..... 16, 19</b>
records..... 33, 35, 36		creative .....40		<b>Travel..... 10, 14, 15, 43</b>
sole source ..... 33, 35, 36		due dates ..... 24, 39, 42		approval required .....10, 15
justification for..... 36		equipment .....11		expenses..... 15
<b>Program income ..... 29</b>		Equipment reporting form.....39		mileage reimbursement..... 3
<b>Project ..2, 3, 6, 7, 8, 9, 10, 11, 12,</b>		final ..... 7, 10, 11, 23, 31, 39, 40		reimbursement request form..43
13, 14, 15, 16, 19, 20, 27, 40,		general ..... 1, 20, 39		state policy .....15
41		new project.....42		<b>Web address ..... 4</b>
authorization to proceed..... 20		quarterly ..... 7, 11, 22, 39, 40, 42		forms.....31
changes to..... 22		quick reference .....39		
close-out..... 24		<b>Responsibilities....13, 20, 25, 35</b>		
equipment ..... 16		accounting.....25		
		audits .....25		



## ***Grant Funding Policy***

Revised February 2002



### **U.S. DEPARTMENT OF TRANSPORTATION**

NATIONAL HIGHWAY TRAFFIC SAFETY  
ADMINISTRATION

---

## **HIGHWAY SAFETY GRANT FUNDING POLICY FOR FIELD-ADMINISTERED GRANTS**

### **TABLE OF CONTENTS**

Highway Safety Grant Funding Policy

## for Field- Administered Grants

### Introduction

### General Program Features

Section 402-State and Community Highway Safety Programs

Section 153-Use of Safety Belts and Motorcycle Helmets

Section 157-Safety Incentive Grants for Use of Seatbelts

Section 157-Safety Innovative Grants for Increasing Seatbelt Use Rates

Section 405-Occupant Protection Incentive Grants

Section 2003b-Child Passenger Protection Education Grants

Section 410-Alcohol Impaired Driving Countermeasures

Section 163-Safety Incentives to Prevent the Operation of Motor Vehicle by Intoxicated

Section 154-Open Container Requirements

Section 164-Minimum Penalties for Repeat Offenders for Driving While Intoxicated or Driving Under the Influence

Section 411-State Highway Safety Data Improvements

### Part I. Basic Funding Guidance

#### A. Planning and Administration Cost

1. Funding Ceiling for P & A
2. Match Requirements for P & A

#### B. Matching Requirements

#### C. Political Subdivisions Participation

#### D. Proportionate Funding

### Part II. Allowable Costs under specific Conditions or limitations for Selected Items

#### A. Equipment

1. Equipment

2. Regulatory and warning signs and supports and field reference markers.
3. Costs subject to compliance
  - a. Radar
  - b. Alcohol/drug testing devices
  - c. Ambulance
  - d. Helicopter
  - e. Fixed wing aircraft

#### B. Travel

#### C. Training

1. Training personnel
2. New training curricula and materials
3. Portable skid platforms and driving simulators

#### D. Program Administration

1. Consultant services
2. Promotional activities
3. Purchase of alcohol
4. Meeting and conferences

#### E. Public Communications - Advertising space

### Part III. Unallowable Costs for Selected Items:

#### A. Facilities and Construction

1. Highway construction, maintenance or design
2. Construction or reconstruction
3. Highway safety appurtenances
4. Office furnishings and fixtures
5. Land

#### B. Equipment

1. Truck scales
2. Traffic signal preemption systems

#### C. Training

1. Individual salaries
2. Employees of Federal and military agencies

#### D. Program Administration

1. Supplanting
2. Research
3. Use of funds by Federal civilian or military agencies or employees
4. Alcoholic beverages
5. Entertainment
6. Commercial driver

#### E.Lobbying

1. Influencing the U.S. Congress and Federal agency officials
2. Urge or influence a Sated or local legislator

### Appendix A - Table Summarizing Of Grant Funding Requirements

## Highway Safety Grant Funding Policy for Field-Administered Grants

### INTRODUCTION

The basic funding eligibility factors listed in this document apply to NHTSA field administered grants in accordance with 23 USC, Sections 402 (Highway Safety Programs), 405 (Occupant Protection Incentive Grants), 410 (Alcohol-Impaired Driving Countermeasures), 411 (State Highway Safety Data Improvements); 153 (Use of Safety Belts and Motorcycle Helmets), 154 (Open Container Requirements), 157 (Safety Incentive Grants For Use of Seat Belts), 157 (Safety Innovative Grants for Increasing Seatbelt Use Rates); 163 (Safety Incentives to Prevent the Operation of Motor Vehicles by Intoxicated Persons), 164 (Minimum Penalties for Repeat Offenders for Driving While Intoxicated or Driving Under the Influence), and Section 2003(b) of P. L. 105-178 (TEA-21) (Child Passenger Protection Education Grants). They should be implemented in conjunction with **Office of Management and Budget (OMB) Circulars A-87, Cost Principles for State, Local and Indian Tribal Governments; A-21, Cost Principles for Institutions of Higher Education; A-122, Cost Principles for Nonprofit Organizations; and 45 CFR, Subtitle A - Appendix E to Part 74, Principles for Determining Costs Applicable to Research and Development Under Grants and Contract with Hospitals**, which provides basic guidance for all Federally assisted programs.

In addition to these cost principles, this grant funding policy is based on governing statutes, regulations and directives, and many of these supporting documents are contained in the *Highway*

*Safety Grant Management Manual*. Sources include the following:

49 CFR-Part 18 -- Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;

23 CFR-Chapters II & III-- NHTSA and FHWA regulatory requirements applicable to

23 U.S.C., Sections 402, 405, 410, 411, 153, 154, 157, 163, & 164

NHTSA Order 462-6C -- Matching Rates for State and Community Highway Safety Programs, November 30, 1993.

To be allowable, **costs must be necessary, reasonable, allocable**, and Federal funds must be used **in accordance with the appropriate statute and implementing grant regulations**. Grant management rules require governmental units to monitor sub-awards to assure compliance with applicable Federal requirements and cost principles.

For general criteria for allowable costs, please see **Part I. Basic Funding Guidance**, **Part II. Allowable Costs Under Specific Conditions for Selected Items**, or **Part III. Unallowable Costs for Selected Items**.

## **General Program Features**

### **Section 402 - State and Community Highway Safety Programs (23U.S.C. 402)**

Section 402 funds are to be used to support the State's Performance Plan, which contains performance goals, based on the problems identified by the state, and Highway Safety Plan for the implementation of a program that addresses a wide range of highway safety problems that are related to human factors and the roadway environment and that contribute to the reduction of crashes, deaths, and injuries resulting therefrom. Section 402 enhances States' programs by providing resources to start up new, more effective projects; by catalyzing or accelerating State programs to address major safety issues with well-planned strategies; and by leveraging additional State and local investment in highway safety.

Prior to fiscal year (FY) 1998, NHTSA and FHWA had separate Section 402 appropriations funding highway safety grant programs. As of FY 1998, the Section 402 funds are all managed by NHTSA, and programs previously eligible for funding under FHWA's program are coded under NHTSA's "Roadway Safety".

The Uniform Procedures for State Highway Safety Programs (23 CFR Part 1200) and Highway Safety Programs; Determinations of Effectiveness (23 CFR Part 1205), provide comprehensive

information concerning eligible activities.

### **Section 153 - Use of Safety Belts and Motorcycle Helmets (23U.S.C. 153)**

Section 153 Incentive grant funds were available, by application, between FY 1992 and FY 1994 to States that had in effect complying safety belt and motorcycle helmet use laws and, subsequently, for maintaining certain levels of public compliance under those laws. These grant funds may be carried forward but must continue to be used only for the implementation of occupant protection and motorcycle safety programs in the areas of education, law enforcement training, law compliance monitoring, and law enforcement activities.

Section 153 Transfer funds are to be used for the same purposes as the Section 402 funds (see preceding section). States that failed to put into effect complying safety belt and motorcycle helmet use laws by October 1, 1993, experienced a transfer of funds from their FY 1995 Federal-aid highway program to their highway safety program. For additional information on the use of the transfer funds, please refer to the July 19, 1994 Policy Memorandum entitled NHTSA/FHWA Guidance: Section 153 Transfer Funds and 23 CFR Part 1215, Use of Safety Belts and Motorcycle Helmets: Compliance and Transfer-of-Funds Procedures.

### **Section 157 - Safety Incentive Grants for Use of Seatbelts (23 U.S.C. 157)**

The Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) established a program of incentive grants to encourage States to increase seat belt use rates. A State may use these grant funds for any project eligible for assistance under Title 23 U.S.C., including highway safety and highway construction programs. Funds allocated to highway safety can be used under Sections 402, 405, 410, & 411, and they take on the characteristics of the program in which they are used.

### **Section 157 - Safety Innovative Grants for Increasing Seatbelt Use Rates (23 U.S.C. 157)**

The Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) established a program of discretionary grants to encourage States to increase seat belt use rates. A State may use these funds only to implement plans, approved by NHTSA, to boost seat belt use through effective enforcement, targeted public information, multi-faceted partnerships, improved legislation, and other appropriate measures.

### **Section 405 - Occupant Protection Incentive Grant (23 U.S.C. 405)**

TEA-21 established a program of incentive grants to encourage States to adopt and implement effective programs to reduce highway deaths and injuries resulting from individuals riding unrestrained or improperly restrained in motor vehicles. A State may use these grant funds only to implement and enforce occupant protection programs.

## **Section 2003b - Child Passenger Protection Education Grants (P. L. 105-178, Section 2003 (b))**

TEA-21 established a program of incentive grants to encourage States to implement child passenger protection programs. A state may use these grant funds to implement programs that are designed to prevent deaths and injuries to children; educate the public concerning the proper installation of child restraints; and train child passenger safety personnel concerning child restraint use.

## **Section 410 - Alcohol Impaired Driving Countermeasures (23 U.S.C. 410)**

TEA-21 amended the alcohol-impaired driving countermeasures incentive grant program to encourage States to adopt and implement effective programs to reduce traffic safety problems resulting from individuals driving while under the influence of alcohol. A state may use these grant funds only to implement and enforce impaired driving programs. New matching criteria for Section 410 began in 1998 with the passage of TEA-21. Therefore, Section 410 funds received prior to FY1998 (Pre-TEA21) are treated differently (See Part I, 3, Pre-TEA21 & TEA21).

## **Section 163 - Safety Incentives To Prevent the Operation of Motor Vehicles by Intoxicated Persons (23 U.S.C. 163)**

TEA-21 established a program of incentive grants to encourage States to establish 0.08 percent blood alcohol concentration (BAC) as the legal limit for drunk driving offenses. A State may use these grant funds for any project eligible for assistance under Title 23. Funds allocated to highway safety can be used for Sections 402, 405, 410, & 411, and they take on the characteristics of the program in which they are used.

**Note:** These funds are retained by FHWA and accounted for by the State's Highway agency. Specific codes, QN1 for NHTSA highway safety programs and QO8 for Federal-Aid highway type programs, have been established to allow for separate accountability.

## **Section 154 - Open Container Requirements (23 U.S.C. 154)**

The TEA-21 Restoration Act established a program to encourage States to enact Open Container laws. A State that does not have a conforming Open Container law by the beginning of a fiscal year, starting with fiscal year 2001, will have certain Federal-aid highway funds transferred to the State's Section 402 State and Community Highway Safety grant program during that fiscal year. These funds can be used for alcohol-impaired driving programs and hazard elimination programs. Section 154 funds used for Alcohol take on the same characteristics as Section 402 funds, and Section 154 funds used for Hazard Elimination take on the same characteristics as FHWA's Section 152 funds.

## **Section 164 - Minimum Penalties for Repeat Offenders for DWI or DUI (23 U.S.C. 164)**

The TEA-21 Restoration Act established a program to encourage States to enact Repeat Intoxicated Driver laws. A State that does not have a conforming Repeat Intoxicated Driver law by the beginning of a fiscal year, starting with fiscal year 2001, will have certain Federal-aid highway funds transferred to the State's Section 402 State and Community Highway Safety grant program during that fiscal year. These funds can be used for alcohol-impaired driving programs and hazard elimination programs. Section 164 funds used for Alcohol take on the same characteristics as Section 402 funds, and Section 164 funds used for Hazard Elimination take on the same characteristics as FHWA's Section 152 funds.

## **Section 411 - State Highway Safety Data Improvements (23 U.S.C. 411)**

TEA-21 established a program of incentive grants to encourage States to adopt and implement effective programs to improve the timeliness, accuracy, completeness, uniformity, and accessibility of State data that is needed to identify priorities for national, State, and local highway and traffic safety programs; to evaluate the effectiveness of efforts to make such improvements; to link these State data systems, including traffic records, with other data systems within the State; and to improve the compatibility of the State data system with national data systems and data systems of other States to enhance the ability to observe and analyze national trends in crash occurrences, rates, outcomes, and circumstances. A state may use these grant funds only to implement such data improvement programs.

## **PART I. Basic Funding Guidance**

The provisions of OMB Circulars A-87, A-21, A-122, and 45 CFR, Subtitle A - Appendix E to Part 74 are applicable (depending on the identity of the entity incurring the cost) for general determination of allowable costs, and are controlling in the event of a conflict with NHTSA grant policy, except where inconsistent with statute. For the purposes of determining allowable costs, the following criteria apply: (See also **Appendix A** for items 3, 4, and 5 below)

- Allowable costs must be **necessary, reasonable and allocable**, and funds must be used in accordance with the appropriate statute and implementing grant regulations.
- Costs must be consistent with the authorizing statute and implementing regulations and must not be in violation of **Federal, State and local laws**.

### **A. Planning and Administration Costs**

P&A costs are those direct and indirect expenses that are attributable to the overall management of the State's Highway Safety Plan. Costs include salaries and related personnel benefits for the



Governors' Representatives for Highway Safety and for other technical, administrative, and clerical staff, for the States' Highway Safety Offices. P&A costs also include other office costs, such as travel, equipment, supplies, rent and utility expenses necessary to carry out the functions of the States' Highway Safety Offices.

## 1. Funding Ceiling for P&A:

### *Section 402 (including Sections 157 Incentive & 163 designated as 402 funds)*

- A maximum of 10% of annual Section 402 program funds. **NOTE:** Indian Nations are exempt.

### *Sections 153, 154 & 164 funds Transferred to Section 402*

- A maximum of 10% of annual Section 153, 154, or 164 transfer funds; however, for Section 153 only before this is applicable, the State must have obligated up to the full 10 % of available Section 402 program funds to P&A. **Note:** The amount a state programs for 154PA and/or 164PA must be related to the costs of planning and administration for only the alcohol programs and hazard elimination programs supported with transfer funds; these funds can not be used to offset the planning and administrative costs for highway safety programs in general, as is the case for P&A in the non-transfer portion of the Section 402 program. This is because the use of Sections 154 or 164 transfer funds is limited to alcohol programs and hazard elimination programs. For example, 154 or 164 P&A funds may be used to cover the costs a highway safety office incurs in developing and implementing new accounting procedures for hazard elimination programs, but not for the P&A costs to operate the Section 402 program.

## 2. Matching Requirements for P&A:

### *Section 402 (including Section 157 Incentive and Section 163 designated as 402 funds and 154 & 164 funds Transferred to Section 402)*

- The Federal P&A share shall not exceed 50 percent of total P&A costs, except for select states using the sliding scale for match (See NHTSA Order 462-6C).
- No match is required for Section 163 funds, Sections 154 or 164 funds transferred to Section 402 , for U.S. Territories (23 U.S.C. 120(i)), or for Federally recognized Indian Tribal governments (23 CFR 1252) under the Indian highway safety program.

## B. Matching Requirements

The State matching amount is calculated as a percentage of the total (Federal and State) program

costs. **NOTE:** Those States affected by nontaxable Indian lands, Public Domain lands, National Forest, National Parks and Monuments that qualify for "Sliding Scale Matching Rates" should refer to NHTSA Order 462-6C.

***Section 402 & 2003(b) (including Section 157 Incentive designated as 402 funds)***

- Federal share is not to exceed 80%.
- No match is required for U.S. Territories, or for the Indian Highway Safety Program.

***Pre-TEA21 - Sections 410 & 153 Incentive Funds***

- Federal share is not to exceed 75% the first year.
- Federal share is not to exceed 50% the second year.
- Federal share is not to exceed 25% the third year and beyond (where applicable).
- For Section 410 no match is required for U.S. Territories, or for the Indian Highway Safety Program.

***TEA21 - Sections 405, 410, & 411 (including Section 157 Incentive designated as 405, 410, or 411 funds)***

- Federal share is not to exceed 75% the first and second years.
- Federal share is not to exceed 50% the third and fourth years.
- Federal share is not to exceed 25% the fifth year and beyond (where applicable).
- No match is required for U.S. Territories, or for the Indian Highway Safety Program.

***Sections 153 , 154 & 164 funds Transferred to the Section 402 Program***

- No match is required.

***Section 163***

- No match is required.

**Section 157 Innovative**

- No match is required.

### **C. Political Subdivisions Participation**

Political subdivisions are State-recognized administrative units having highway safety responsibilities below the State level and responsive to an electorate residing within a defined geographic area of the State.

#### ***Section 402 (including Section 157 Incentive & 163 designated as 402 funds)***

- At least 40% of the total Federal annual obligation limitations must be used by or for the benefit of political subdivisions of the State, unless waived in writing (DC, Puerto Rico, and Territories). **NOTE:** Does not apply to Section 157 Innovative and Indian Nations - see below.
- A total of 95% of the funds apportioned to the Secretary of Interior for Federally recognized Indian Tribal governments is for local benefit/participation (i.e. for the benefit of Indian tribes).

#### ***Sections 153 , 154 & 164 funds Transferred to the Section 402 Program***

- At least 40% of the total Federal annual obligation limitation is to be used by or for the benefit of political subdivisions of the State. **Note:** 40% requirement doesn't apply to Sections 154 & 164 funds designated as **Hazard Elimination**.

### **D. Proportionate Funding**

For all activities and equipment to be funded, which have components both related and unrelated to a highway safety grant, the Federal Government share shall be based proportionately on the projected utilization for the Federal (NHTSA) grant purposes. For example, the NHTSA participation in the cost of Gas Chromatograph Mass Spectrometers for quantitative testing of drug evidential samples shall be on a pro rata basis. If a police department plans to use this equipment 20 percent of the time to identify drugged driving evidence and 80 percent of the time to identify evidence for the narcotics squad, the NHTSA participation must not exceed 20 percent of the total cost of the equipment.

## **PART II. Allowable Costs under Specified Conditions or limitations for Selected Items:**

The following costs are allowable under specified conditions. In the event of a conflict between

this section and OMB Circular A-87, A-21, A-122, or 45 CFR, Subtitle A - Appendix E to Part 74, the provisions of the applicable Circular will be controlling (except where inconsistent with statute). The State may request additional information relating to allowable and unallowable cost items from the NHTSA Regional Offices.

#### A. Equipment

1. Cost of purchases for **new and replacement equipment** with a useful life of more than one year and an acquisition cost of \$5,000 or more must be pre-approved by the appropriate grant-approving official(s). The approval may be part of the approval of the Performance Plan or part of a separate written request describing how the equipment would support the State's highway safety program.
2. NHTSA Roadway Safety (and pre-FY1998 FHWA Section 402 funds) may be used for the purchase and installation of **regulatory and warning signs and supports and field reference markers** designed specifically to meet FHWA- endorsed standards only for roads off the Federal-aid system (i.e. local roads or rural minor collectors).
3. **Costs** for the following items are **subject to compliance** with any applicable **standards and specifications** established by NHTSA, the Research and Special Programs Administration, the American College of Surgeons or by other nationally recognized standard-setting agencies (or by state standards and specifications, as long as they are at least as stringent as applicable national standards and specifications):
  - a. Police traffic **radar** and other speed measuring devices and costs for re-certification of such devices used by the police.
  - b. **Alcohol/drug testing devices** and costs for re-certification of such devices.
  - c. **Ambulance** costs not to exceed 25 percent for Federal share, unless the State submits to the appropriate NHTSA grant-approving official documentation supporting a higher percentage of highway safety utilization. Minimum requirements for an ambulance include: (1) meeting the GSA Federal Ambulance Specifications (KKK series); (2) being equipped in accordance with the essential equipment list recommended by the American College of Surgeons; (3) containing space for two litter patients and 60 inches of headroom for EMT's; (4) being manned by a minimum of one basic level EMT; and (5) having exterior vehicle lighting sufficient for identification as an ambulance.
  - d. **Helicopter** costs, not to exceed 25 percent for Federal share, unless the State submits to the appropriate NHTSA grant-approving official documentation supporting a higher percentage of highway safety utilization. Helicopters must be

equipped for emergency medical services (EMS) missions and for police traffic safety functions related to law enforcement, with an absolute priority accorded to EMS duty needs for crash site victim removal. Activity logs must be maintained to verify highway safety use and expenditures.

- e. **Fixed wing aircraft** costs, not to exceed 25 percent for Federal share, unless the State submits to the appropriate NHTSA grant-approving official documentation supporting a higher percentage of highway safety utilization. Activity logs must be maintained to verify highway safety use and expenditures.

## B. Travel

Costs for travel-related expenses for **out-of-state individuals** are allowable, provided such expenses are for specific services benefitting the host State's highway safety program.

## C. Training

1. Costs of **training personnel (but not Federal civilian or military employees)**, for highway safety purposes are allowable when the training supports the objectives of the State's highway safety program. (See "Unallowable Costs" in Part III., Sections C.1. and C.2. under "Training" of this document). Training for Department of the Interior personnel who are assigned Section 402 responsibilities is covered under the 5% administrative take down.
2. Development costs of **new training curricula and materials** are allowable if they will not duplicate materials already developed for similar purposes by U.S. DOT/NHTSA/FHWA or by States. Costs are allowable to modify existing materials to meet particular State and local instructional needs.
3. Cost are allowable for **portable skid platforms and driving simulators**. However, proposed plans for this equipment need to be part of a NHTSA-approved training program. If the total cost of the skid platforms and driving simulators exceeds \$5,000, it falls into the major purchases category and requires NHTSA prior approval.

## D. Program Administration

1. Costs are allowable for highway safety **consultant services** from universities, public agencies, non-government organizations and individuals for State or local highway safety support services or products consistent with the applicable OMB Circular, provided applicable State procurement procedures are followed and the State's official contract and procurement manual is maintained in the State's Highway Safety Office.

2. Costs are allowable to support a specific highway safety project with **promotional activities**, which offer incentives or encourage the general public to adopt highway safety practices. Documentation must be available to show that such activities do not violate State law. Promotional items and activities must directly relate to the project objectives.
3. Federal grant funds may be expended in **support of police-directed operations** to uncover unlawful practices associated with minimum drinking age laws. Funds may be utilized in the **purchase of alcoholic beverages** (but in no case for consumption) in "sting" type operations as long as the operations are not in conflict with any Federal, State or local laws.
4. Costs of **meetings and conferences**, where the primary purpose is the dissemination of technical information, are allowable, including meals, transportation, rental of meeting facilities, and other incidental costs. Adequate records must be maintained to document that the primary purpose of the meeting was for dissemination of technical information.

#### **E. Public Communications**

**Costs are allowed for** the purchase of program **advertising space** in the mass communication media, **for all highway safety grant funds except Sections 411 and 2003(b) grant funds**. This includes the purchase of television, radio time, cinema, internet, print media, and billboard space (See "402 Purchase Media Guidance" in the "Highway Safety Grant Management Manual" for additional conditions or limitations). **Note:** Television public service announcements created with the aid of Federal funds must contain closed-captioning of the verbal content.

### **PART III. Unallowable Costs for Selected Items:**

The following items are unallowable:

#### **A. Facilities and Construction**

1. Costs for **highway construction, maintenance, or design** (other than design of safety features of highways incorporated into Roadway Safety guidelines).
2. Costs for **construction or reconstruction** of permanent facilities, such as paving, driving ranges, towers, and non-portable skid pads.
3. Costs for **highway safety appurtenances** including longitudinal barriers (such as guardrails), sign supports (except as allowed under Allowable Costs with Conditions for selected Items, Part II.A.2.), luminaire supports, and utility poles. (FHWA safety construction Federal-aid funds are available.)

4. Costs for construction, rehabilitation, or remodeling for any buildings or structures or for purchase of **office furnishings and fixtures**. The following are some examples of those items:

Desk	Credenza	Storage Cabinet
Chair	Bookcase	Portable Partition
Table	Filing Cabinet	Picture, Wall Clock
Shelving	Floor Covering	Draperies & Hardware
Coat Rack	Office Planter	Fixed Lighting/Lamp

5. The cost of **land**.

## B. Equipment

1. Costs for the purchase of both fixed and portable **truck scales**. ( Motor Carrier safety program funds are available for truck scales.)
2. Costs for **traffic signal preemption** systems. (FHWA Federal-aid highway program funds are available.)

## C. Training

1. Costs to pay for an **individual's salary** while pursuing training or to pay the salary of the individual's replacement, which is considered supplanting, except to the extent that the individual's salary is already supported with highway safety funds under an approved project.
2. Costs of training **employees of Federal and military agencies**. **Note:** Training for Department of the Interior personnel who are assigned Section 402 responsibilities are covered under the 5% administrative take down.

## D. Program Administration

1. **Supplanting**, including: (a.) replacing routine and/or existing State or local expenditures with the use of Federal grant funds and/or (b.) using Federal grant funds for costs of activities that constitute general expenses required to carry out the overall responsibilities of State, local, or Federally-recognized Indian tribal governments.

2. NHTSA highway safety grant funds designated for any **research** purposes for which funds are authorized under 23 USC 403.
3. NHTSA highway safety grant funds used to defray expenses incurred or sought to be incurred for activities of **Federal civilian or military agencies or employees**. **Note:** For Department of the Interior, personnel expenditures for the Section 402 program are covered under the 5% administrative take down.
4. **Alcoholic beverages** for any consumption purposes, including controlled settings for the training of law enforcement officers in techniques for determining driver impairment.
5. Costs of **entertainment**, including amusement and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities).
6. NHTSA highway safety grant funds for **commercial drivers'** compliance with specific Federal Motor Carrier Safety Regulations.

#### E. Lobbying

1. Federal - the cost of **influencing the U.S. Congress and Federal agency officials** for activities associated with obtaining grants, contracts, cooperative agreements or loans.
2. State - No Federal funds may be used for any activity specifically designed to **urge or influence a State or local legislator to favor or oppose the adoption of any specific legislative proposal pending** before any State or local legislative body. Such activities include both direct and indirect (e.g., "grassroots") lobbying activities, with one exception. This does not preclude a State official whose salary is supported with NHTSA funds from engaging in direct communications with State or local legislative officials, in accordance with customary State practice, even if such communications urge legislative officials to favor or oppose the adoption of a specific pending legislative proposal.

## APPENDIX A

### GRANT FUND REQUIREMENTS

Program Area	State Match	Planning & Administration	Local Use	Miscellaneous Information



Section 402	20% of total program costs; <b>Exception:</b> Select States use a sliding scale for State Match; <b>Exempt:</b> Indian Nations & Territories	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Exempt</b> - Indian Nations <b>Match:</b> 50% a hard match; <b>Exception</b> - Select States use a sliding scale for State Match; <b>Exempt</b> - Indian Nations & Territories	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC, Puerto Rico, Indian Nations and Territories	
Section 405 - J2 TEA-21	25% 1 <sup>st</sup> - 2 <sup>nd</sup> yr. 50% 3 <sup>rd</sup> - 4 <sup>th</sup> yr. 75% 5 <sup>th</sup> - 6 <sup>th</sup> yr. (of total program costs) <b>Exempt:</b> Indian Nations & Territories	None	None	State will maintain its aggregate expenditures from all other sources for occupant protection programs at or above the average level of expenditures for FYs 1996 & 1997
Section 410 - J7 Pre-TEA-21	25% 1 <sup>st</sup> Year 50% 2 <sup>nd</sup> Year 75% 3 <sup>rd</sup> Year plus subsequent years (of total program cost) <b>Exempt:</b> Indian Nations & Territories	None	None	State will maintain its aggregate expenditures from all other sources for alcohol traffic safety programs at or above the average level of expenditures for FYs 1990 & 1991.
Section 410 - J8 TEA-21	25% 1 <sup>st</sup> - 2 <sup>nd</sup> yr. 50% 3 <sup>rd</sup> - 4 <sup>th</sup> yr. 75% 5 <sup>th</sup> - 6 <sup>th</sup> yr. (of total program costs) <b>Exempt:</b> Indian Nations & Territories	None	None	State will maintain its aggregate expenditures from all other sources for alcohol traffic safety programs at or above the average level of expenditures for FYs 1996 & 1997.

Section 411 - J9 TEA-21	25% 1 <sup>st</sup> - 2 <sup>nd</sup> yr. 50% 3 <sup>rd</sup> - 4 <sup>th</sup> yr. 75% 5 <sup>th</sup> - 6 <sup>th</sup> yr. (of total program costs); <b>Exempt:</b> Indian Nations & Territories	None	None	State will maintain its aggregate expenditures from all other sources, <b>except those authorized under Chapter I of Title 23 of the United States Code</b> , for highway safety data and traffic records programs at or above the average level of expenditures for FYs 1996 & 1997.
Section 153 Incentive - HB Pre-TEA-21	25% 1 <sup>st</sup> Year 50% 2 <sup>nd</sup> Year 75% 3 <sup>rd</sup> Year (of total program costs)	None	None	State will maintain its aggregate expenditures from all other sources for traffic safety programs regarding education, training, monitoring, or enforcement of the use of safety belts and motorcycles helmets at or above the average level of expenditures for FYs 1990 & 1991.
Section 153 Transfer Pre-TEA-21	None	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Exempt</b> - Indian Nations <b>Condition:</b> Cannot be used unless 10% 402 PA is obligated <b>Match:</b> None required	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC & Puerto Rico	

Program Area	State Match	Planning & Administration	Local Use	Miscellaneous Information

Section 154 & 164 Transfer AL - Open Container & Repeat Offender Funds HE - Open Container & Repeat Offender Funds TEA-21	None	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Exempt</b> - Indian Nations <b>Match:</b> None required	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC, Puerto Rico, & HE - Open Container & Repeat Offender Funds	AL - Alcohol funds take on the characteristics of Section 402 funds and HE - Hazard Elimination funds take on the characteristics of FHWA's Section 152 funds.
Section 157 Incentive funds designated as Section 402 program TEA-21	20% of total program costs; <b>Exception:</b> Select States use a sliding scale for State Match;	Ceiling: P & A funds restricted to 10% of federal funds received annually; <b>Match:</b> 50% hard match; <b>Exception</b> - Select States use a sliding scale for State Match;	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC & Puerto Rico	These funds take on the characteristics of the Section 402 funds.
Section 157 Incentive funds designated as Sections 405, 410, or 411 TEA-21	25% 1 <sup>st</sup> - 2 <sup>nd</sup> yr. 50% 3 <sup>rd</sup> - 4 <sup>th</sup> yr. 75% 5 <sup>th</sup> - 6 <sup>th</sup> yr. (of total program costs);	None	None	These funds take on the characteristics of the program the funds are applied against.
Section 157 Innovative funds	None	None	None	
Section 163 designated as Section 402 program TEA-21	None	Ceiling: P & A funds restricted to 10% of federal funds received annually; <b>Exempt</b> - Indian Nations <b>Match:</b> None required	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC & Puerto Rico	These funds take on the characteristics of Section 402 funds. These funds are retained by FHWA and accounted for by the State's Highway agency and specific codes: <u>QN1</u> for NHTSA highway safety programs and <u>QO8</u> for Federal-Aid highway type programs have been established to allow for separate accountability

Section 163 funds designated as Section 405, 410, or 411 TEA-21	None	None	None	These funds take on the characteristics of the program the funds in which they are used. These funds are retained by FHWA and accounted for by the State's Highway agency and specific codes: <u>QN1</u> for NHTSA highway safety programs and <u>QO8</u> for Federal-Aid highway type programs have been established to allow for separate accountability
Section 2003B - J3 TEA-21	20% of total program costs; <b>Exempt:</b> Indian Nation & Territories	None	None	

# Memorandum

U.S. Department  
of Transportation

**National Highway  
Traffic Safety  
Administration**

Subject: Update on Lobbying Restrictions on  
State Officials Who Receive NHTSA Funds

Date: APR 30 2004

From: Jacqueline Glass  
Chief Counsel

<sup>1</sup>  


Reply to  
Attn. of:

To: Marlene Markinson  
Associate Administrator for ICOR

By memorandum of February 25, 2000, we summarized the impact of then new lobbying restrictions on State officials who administer or whose salaries are supported, in whole or in part, by NHTSA funds. Since that time, some of the restrictions discussed in that memo have changed. The purpose of this memorandum, which supersedes our February 25, 2000 memo, is to update you and members of your staff on existing restrictions on lobbying activity by State officials supported by NHTSA funds.

Currently, lobbying prohibitions are contained in two Federal statutes: (1) The Anti-Lobbying Act (a criminal statute), 18 U.S.C. § 1913; and (2) The Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21), 49 U.S.C. § 30105.

## Restriction on Grassroots Lobbying

The Anti-Lobbying Act, which Congress broadened in scope in 2002, prohibits the use of appropriated funds, directly or indirectly, to pay for:

any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device intended or designed to influence in any manner a member of Congress, a jurisdiction, or an official of any government, to favor, adopt, or oppose, by vote or otherwise, any legislation, law, ratification, policy, or appropriation, whether before or after the introduction of any bill, measure, or resolution proposing such legislation, law, ratification, policy or appropriation.

Violators are subject to a fine of not more than \$500, imprisonment of not more than one year, or both, and removal from office.

The Act prohibits the use of Federal funds for "grassroots" lobbying campaigns that encourage third parties, members of special interest groups or the general public to

contact members of Congress or of a State or local legislature or an official of any government in support of or in opposition to a legislative, policy or appropriations matter. It applies to activities both before and after the introduction of legislation.

These prohibitions apply to all DOT funds, including NHTSA funds awarded to States under grants, cooperative agreements and contracts. Accordingly, these prohibitions apply to State officials whose salaries are supported, in whole or in part, by NHTSA funds.

#### TEA-21 Restrictions on Lobbying State and Local Legislators

The Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21), which was enacted in 1998, prohibits the use of NHTSA funds for "any activity specifically designed to urge a State or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any State or local legislative body."

This prohibition imposes additional lobbying restrictions on NHTSA, such as by prohibiting agency officials from:

- Visiting or sending letters to State or local legislators, urging them to favor or oppose specific State or local legislation pending in those jurisdictions; or
- Developing and providing to anyone (including lobbyists) materials designed expressly to advocate for the enactment or repeal of specific pending State or local legislation.

It is the agency's continued view, however, that these restrictions do not apply to State officials engaged in State-sanctioned communications with their legislatures, even if their salaries are supported, in whole or in part, with NHTSA funds. We believe that any direct communications between State executive officials and State or local legislators properly are governed by the laws, regulations and customary practice in the State.

#### Special Provision in TEA-21 regarding Testimony

Although TEA-21 restricts communications between NHTSA officials and State or local legislators, the TEA-21 restriction "does not prohibit officers or employees of the United States from testifying before any State or local legislative body in response to the invitation of any member of that legislative body or a State executive office." Accordingly, State executive officials should note that they (as well as members of a State or local legislative body) are authorized to invite Federal officials to testify before that legislative body on pending legislation. (NHTSA officials have been advised that any such invitation should be documented in writing.)

If you or your staff have questions or need further information regarding lobbying restrictions, please contact John Donaldson, Assistant Chief Counsel for Legislation and General Law.

#



## *Travel reimbursement guidelines*

---

In order to be reimbursed for travel expenses associated with activities sponsored by the state Highway Safety Bureau, each traveler must complete the *Montana Department of Transportation Travel Reimbursement Claim Form* (attached).

### *Personal information*

Traveler must note the name of the person, company or organization who will be receiving the reimbursement.

- If it is the traveler, he/she must submit their personal social security number.
- If the reimbursement is to go to a company or organization other than the traveler, the tax payer ID of that company or organization is to be documented.
- If traveler is a Native American and their travel costs are being reimbursed to the tribe, the tribe's name and tax payer ID must be documented as the organization receiving reimbursement.
- If the traveler is a federal or state employee traveling in the normal course of their duties, reimbursement will not be authorized.

### *Meal reimbursement*

Receipts are not required for meal reimbursement. Please review the meal time frames carefully. If a meal is included as part of the meeting or conference, you may not request reimbursement.

- \$5 for breakfast, if traveling prior to the beginning of your regular work shift and for more than 3 continuous hours.
- \$6 for lunch, if traveling more than 3 continuous hours between 10:01 am and 3:00 pm.
- \$12 for dinner, if traveling more than 3 continuous hours between 3:01 pm and 12:00 midnight.

### *Lodging*

- All hotel receipts must accompany the Travel Reimbursement Claim Form. Overnight stays at hotels/motels will be reimbursed at the official state rate for that specific timeframe and city.
- See the reverse side of the travel claim form for varying lodging rates in our federally classified high cost cities, or view online at [www.doa.mt.gov/doatravel/travelmain.asp](http://www.doa.mt.gov/doatravel/travelmain.asp) (click on "federal lodging rate guidelines").
- Reimbursement will not be authorized for such things as: room amounts higher than the single room official state rate, telephone calls (including information 411 calls) from the room, gratuities, and movie rentals.
- Travelers lodging with friends or relatives may note this on their Travel Reimbursement Claim Form and will be reimbursed a flat fee of \$12 per night.

### *Mileage*

Miles traveled will be reimbursed using actual odometer readings or calculated using the official Montana state map mileage. Actual or map mileage will be reimbursed at the current state rate for mileage.

### *Signature*

Traveler must sign and date the *Travel Reimbursement Claim Form*.



**Montana Department of Transportation**

State Highway Traffic Safety Office, P O Box 201001, 2550 Prospect Ave, Helena, MT 59620-1001

**Travel Reimbursement Claim Form**

Name of Person Traveling \_\_\_\_\_

Reimbursement Made to: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**Social Security Number** \_\_\_\_\_

Payment can not be made without a taxpayer I. D. number

Are you a Federal employee traveling on federal business? \_\_\_\_\_ Yes \_\_\_\_\_ No

email address \_\_\_\_\_ Phone Number \_\_\_\_\_  
Area CodeReason for reimbursement \_\_\_\_\_  
(ie meeting, seminar, workshop, etc) \_\_\_\_\_Date(s) of travel \_\_\_\_\_  
From \_\_\_\_\_ to \_\_\_\_\_**Meals:**

\_\_\_\_\_ of Meals

Breakfast 5.00 x \_\_\_\_\_

Lunch 6.00 x \_\_\_\_\_

Dinner 12.00 x \_\_\_\_\_

**Total Meals****Lodging:**

State rate \_\_\_\_\_ of nights \_\_\_\_\_ x CONUS tax for your location \_\_\_\_\_

**See reverse for rates** 60.00 7 tax is the standard rate \_\_\_\_\_

\_\_\_\_\_ of nights \_\_\_\_\_ x \_\_\_\_\_

Attach receipts approval for reimbursement  
at actual rate**Mileage:**

\_\_\_\_\_ of miles \_\_\_\_\_ x 0.485 \_\_\_\_\_

If no odometer readings available, official state map mileage will be used.

**Other:**\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_**Total Reimbursement**

Claimant Signature \_\_\_\_\_

Date \_\_\_\_\_

State Highway Traffic Safety Office Use:

59072 \_\_\_\_\_ 5001 10 \_\_\_\_\_ 007 00 \_\_\_\_\_

59072 \_\_\_\_\_ 5001 10 \_\_\_\_\_ 007 00 \_\_\_\_\_

**Montana Department of Transportation**

State Highway Traffic Safety Office, P O Box 201001, 2550 Prospect Ave, Helena, MT 59620-1001

Lodging rates 10 01 06 to 09 30 2007

<b>Destination</b>	<b>County</b>	<b>Maximum Lodging</b>	<b>Tax</b>	<b>Total</b>
Big Sky West Yellowstone (Oct 1, 2006 - June 30, 2007)	Gallatin	73.00	5.11	78.11
Big Sky West Yellowstone (July 1 - August 31, 2007)	Gallatin	96.00	6.72	102.72
Big Sky West Yellowstone (Sept 1 - September 30, 2007)	Gallatin	73.00	5.11	78.11
Butte	Silver Bow	65.00	4.55	69.55
Helena (Eff. 02 01 06)	Lewis Clark	67.00	4.69	71.69
Missoula Polson Kalispell (Oct 1, 2006 - May 31, 2007)	Missoula, Lake Flathead	73.00	5.11	78.11
Missoula Polson Kalispell (June 1 - August 31, 2007)	Missoula, Lake Flathead	90.00	6.30	96.30
Missoula Polson Kalispell (Sept 1 - September 30, 2007)	Missoula, Lake Flathead	73.00	5.11	78.11

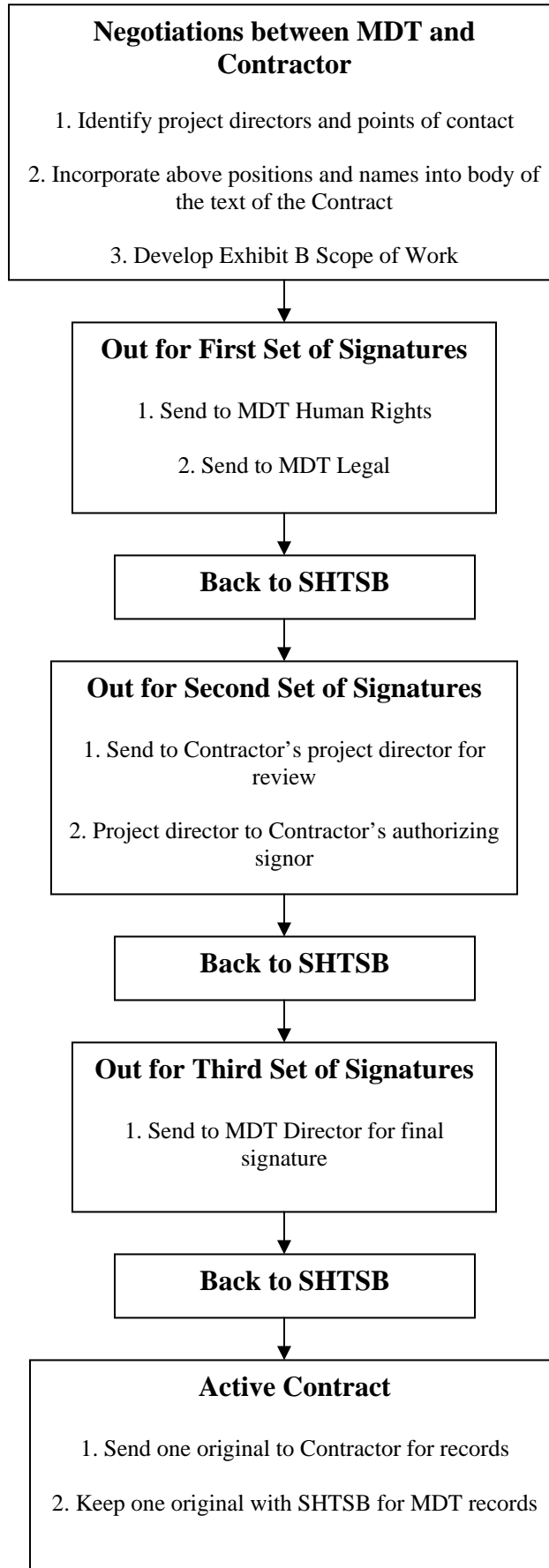
All other destinations within MT are a max of 60.00 per night lodging plus 4.20 tax

64.20

# State Highway Traffic Safety Bureau

## Contractual Process Flow Chart

---



MDT attempts to provide accommodations for any known disability that may interfere with a person participating in any service, program or activity of the department. Alternative accessible formats of this information will be provided upon request.

For further information, please call (406) 444-7411, TTY (800) 335-7592, or the Montana Relay at 711, or send a fax to (406) 444-9409.



130 copies of this document were published at an estimated cost of \$3.77 cents per copy for a total cost of \$491.11, not including postage for those distributed via USPS.